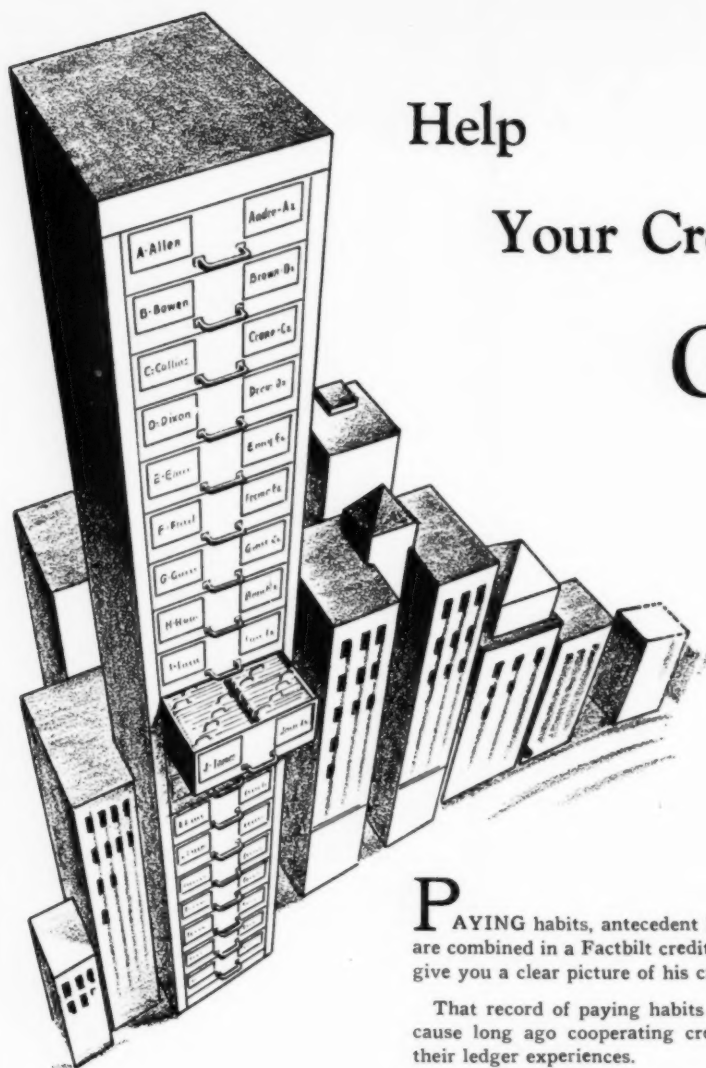


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JULY, 1950

*Only Publication Devoted Exclusively To Retail Credit*



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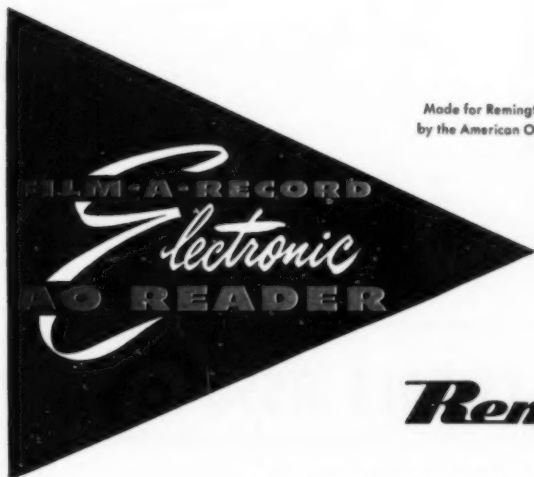
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## NATIONAL RETAIL CREDIT ASSOCIATION

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# The CREDIT WORLD

OFFICIAL PUBLICATION OF THE NATIONAL RETAIL CREDIT ASSOCIATION

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# Living With Ourselves

Frederick W. Walter

Credit Manager, The Bailey Co., Cleveland, Ohio  
Chairman, Educational Committee, National Retail Credit Association

(An Address Given at the Annual Conference of the N.R.C.A., Cincinnati, Ohio, June 14, 1950)

THE QUEEN CITY of the West has a remarkably rich heritage of associations ranging from its original development on the banks of the Ohio, to its cultural position, its rank in the manufacturing industries, its river carriage, its traditions from the pre-war past, its politics, to its reputation for being a fine place to live in. When your directors selected this city for this year's conference, they chose well. For the joint privilege of being here and before you, I am most grateful.

As chairman of the Educational Committee I have enjoyed much correspondence and many contacts that have been very delightful. In discussing education, I have frequently wondered about whom we were talking, the students or the credit men. You will recall that education in its primary meaning means to bring out and not cram in; if there is nothing there to bring out, the outlook is not comfortable, but generally speaking the situation is not quite as bad as that.

Manly P. Hall, writes, "Material education is directed toward increasing the skill of mind and hand. It may also give man a working knowledge in the arts, crafts, and sciences. But modern education does not give the student any knowledge of his own inner self. The spirit, the soul, and the metaphysical parts of man find no place in scholasticism. The result is evident. Material knowledge does not bestow happiness. It has not resulted in honesty. It has failed to inspire integrity. Only spiritual knowledge can complete education, by conferring security, moral courage, and spiritual enlightenment.

"Hence it should be your purpose to build so firm a foundation of integrity within yourself that the possibility of losing the inner vision that comes with poise becomes constantly less and less. In every case you should remedy the inner causes instead of laboring with the outer manifestations. If the inside is right, the outside is bound to be right. The test of philosophy comes with the observation of how far it has been able to lift you above the pettiness of personality into the realm of universals." Suppose we do a little exploring under the heading of:

## Living With Ourselves

A retail establishment is a miniature world and almost completely reflects all that is taking place on the outside. The credit man is a part of this situation and should know the significance of everything that goes on around him. If he allows himself to become a glorified automaton and smothers himself in business detail he is most unfortunate. Of course, he owes to his management a liberal share of conscientious operation, but he is wise if he early learns the art of detachment and approaches his problems with a certain air of impersonalness, otherwise he will not be able to see the forest for the trees.

He must be constantly making decisions for himself about this or that which is not apparently a part of his store job. He must remember that this job is only the present channel for his self-expression. In these days of doubt and discouragement, and even disillusionment, he is constantly asking and being asked "why?" He discovers to his discomfiture that the answers are not to be found in his tables of operations, his slide rule, and other mechanical devices, or the conversations with others in business, because they represent effects of secondary causes—not primary causes.

From the *Symbolism of the Book of the Dead* (which, after all, means the *Book of the Living*) we find this very valuable key,

"The Egyptian religion was a religion of self-reliance and self-control; it led to right action. It was a manly religion, for in the last judgment the deceased expected justice and equity, because the One-God was just and righteous. With the growth of the Soul, came the consciousness that he who possessed knowledge or wisdom was charged with the responsibility of rightly using it. It was contrary to the Law of Truth to hold even things as individual possessions for purely selfish gratification. As Chapter 125 of the *Book of the Dead* inculcated, these powers were intelligent possessions; they must therefore be used intelligently, which means for the highest good.

"What one did and what one did not do, were the weights in the scales. The Divine Horus put in no plea for the sinners on account of his own sufferings. All had to live the life to know the doctrine. As Horus lived the life and overcame death, so, too, each individual could follow the same way by making the moral law operative in thought, word and deed. The deceased must have won for himself the right to utter the words, 'My Heart. My Mother,' because the 'scarab placed in his heart' enabled him to 'open his mouth,' and to 'will to speak.'"

"The Virgin Birth, in miniature, was the birth or development of the higher faculties of the individual; the promptings of the heart became as a protecting mother to the awakening faculties of the Soul. Thus he was able to speak from a definite experience with his life; then, like Horus, Krishna, Buddha, and Jesus, the teaching was the theory, and the life the demonstration of the Truth. All that one could do after that was to point others to the way of living the life to obtain the Truth. It was always an individual demonstration each had to make for himself."

You will note that the soul had to grow and the life had to be lived before the evidences in the outer world came into being. This is precisely the opposite of what we are doing today, and also proves the correct approach to education of whatever nature. Just now there are so many animated morons who eat, drink, sleep, go to work, join some club, lodge, or church and go through all the

motions, for what? Was the soul given an opportunity to grow?

In the *Investment Dealers Digest* appeared a story by Louis Lurie, a San Francisco realtor, which rates tops in world tragedy,

"In 1923 a group of the world's most successful financiers met at the Edgewater Beach Hotel in Chicago. Present were:

- The president of the largest independent steel company.
- The president of the largest utility company.
- The greatest wheat speculator.
- The president of the New York Stock Exchange.
- A member of the President's Cabinet.
- The greatest 'bear' in Wall Street.
- The president of the Bank of International Settlements.
- The head of the world's greatest monopoly.

Collectively these tycoons controlled more wealth than there was in the United States Treasury, and for years newspapers and magazines had been printing their success stories and urging the youth of the nation to follow their examples. Twenty-five years later, let us see what had happened to these men:

The president of the largest independent steel company, Charles Schwab, lived on borrowed money the last five years of his life and died broke.

The utility operator, Samuel Insull, died virtually in exile.

The greatest wheat speculator, Arthur Cotten, died abroad, insolvent.

The president of the New York Stock Exchange, Richard Whitney, served a term in Sing Sing.

The member of the President's Cabinet, Albert Fall, was pardoned from prison, so he could die at home.

The greatest 'bear' in Wall Street, Jesse Livermore, committed suicide.

The president of the Bank of International Settlements, Leon Frazer, committed suicide.

The head of the world's greatest monopoly, Ivar Krueger, committed suicide.

All these men had learned to make money, and I suppose popular opinion would say that they had learned how to get the most out of life, materially speaking. But the most was not enough. Not even enough to take care of life itself while it lasted. And surely not enough to take care of what follows this life."

### **We Must Make Decisions**

Countless times during the week, we—the credit man or woman, proprietor or operating head of the concern—must make decisions of one sort or another. Because business is not so good, is it to be no down payment and years to pay? Or is it more revolutions per month than last, like the wheel of fortune, "around, around she goes, and where she stops nobody knows"? Or what will we do with Television, the big, bad brat of business? Will we keep it, or throw it out? What is the future of color in T.V., besides getting red in the face over it? What about store hours, employees, unions, reliefs, general store education and training of all branches of personnel? The answers to many such questions cannot be derived from past experience, because there is nothing there to fall back upon. So we get into quite a dither, and work up a healthy sweat over the whole thing. We even develop

what has been referred to as a "controller's ulcer," while the obit columns are increasingly filled with notices of the passing of relatively young men. We hear the question asked more often than ever before, if not just in this precise form, "Was there a persistent repression of one's soul unfoldment"?

Every decision made is the same as voting on something; we have to express our opinion one way or another. However, as to one of our most important rights and privileges, that of voting, too many men and women toss it over their shoulders as something too complicated, abstruse, or bothersome. Up to a point there is a good argument. For the past eighteen years so far as apparent results are concerned, I might just as well have saved my shoe leather and time going to the polls, BUT, like Kilroy, I was there, and thereby arrogate to myself the ancient and honorable right to thumb my nose at all and sundry who question my choice. At a recent local election I voted for a raise for the mayor, not that I think much of his party, but on the theory that the responsibilities of such a job demand a man of sterling worth, not likely to be attracted by the salary offered, and that he, too, has his problem about "take-home pay." He did not get the raise.

### **Restrictions on Oleo**

I voted to remove the restrictions on oleo. The following week the price went up, the small print got smaller, and you had to be an expert to distinguish between the two greases. Many people like oleo; I don't—I had enough of it during the war. Funny how the price of butter puts it in the class of a "collector's item"!

Do you know where you stand on the voting question? Let us look at the record. In the Gallup Political Almanac are shown the percentage of potential voters who actually voted in national elections:

1896	83.0%
1916	71.5%
1940	59.5%
1944	59.7% (Congressional Record)
1948	52.0% " "

Think of it! Only one-half of those entitled to vote took the trouble to express their opinion. What a sad commentary on the intelligence of our people, in a country which boasts of its freedom and development, and yet half the voters are not interested in trying to protect themselves. Suppose they do vote on the losing side? What difference does that make? The accumulated effect of such voting will make itself felt in time, but the greatest value is in maintaining and increasing the morale of the individual. He has done the best he could at a particular time, and more cannot be expected of him. An unnamed writer says,

"People do not have to be conquered by an army to lose their freedom. It can slip away—painlessly—through mistrust and hate and surrender of rights. It can be traded for pretty sounding guarantees of a better life—without working for it. It can disappear through greed, prejudice, or just plain laziness."

Woodrow Wilson writes,

"The history of liberty is a history of limitation of governmental power, not the increase of it. When we

resist, therefore, the concentration of power, we are resisting the processes of death, because a concentration of power is what always precedes the destruction of human liberties."

Well, we voted for it. The indefensible position of two men practically shut down this country a few months ago. If that did not constitute treason, I can't conceive of any lesser term. I remember reading about Nero fiddling while Rome burned, but today's version would be, "Nero went on a yacht trip, while Rome froze."

There is another phase of this voting record that is even more disturbing, and that is the action of certain states toward their citizenry which is proving costly in three ways, to the state, the individuals involved and the rest of the United States. Here is the honor roll:

1944	1948
Per Cent	Per Cent
17.30	13.74
21.80	22.00
39.80	39.40
18.80	21.80
26.90	27.70
16.50	16.60
43.50	38.60
11.10	13.85
31.90	30.00
31.20	26.60

Several states came up with 70.3, 70.9, 71.4, and 74.6 per cent, but the national average registered 52 per cent. It requires a certain brand of solid faith in ourselves and the Father of us all to keep from being discouraged.

You are all acquainted with the traffic lines on our streets and highways, the single white ones, the yellow and white, especially when the yellow is on your side of the road, and the double yellow which is there for the very definite reason of trying to keep several people alive. Most people pay attention to them, but just enough do not and manage to keep the morgues, hospitals and wreck shops busy. Nationwide, we are clear over on the left of the double yellows and I have often wondered how much worse the crashes will have to be before we have sense enough to pull over where we belong.

Listen to what Melvin M. Johnson has to say on Personal Responsibility, "It is only within the last few generations that the legal relations between man and his fellowman have changed, except in totalitarian countries, to a recognition of duties, rather than an assertion of rights; to declarations of dependence instead of declarations of independence. Leaders in human thought and action, however diverse their individual plans may be nevertheless recognize that the success of individuals, the advancement of peoples and, indeed, the salvation of civilization, depend upon the sincere acceptance of the dependence of man upon his fellowman, of states upon sister states, of nations upon their neighbor nations.

"Despite this, the 'highwayman's spirit' has become pandemic in the great nations of the world. By that is meant not alone that which motivates the criminal, but the determination both by individuals and by some dominant leaders of nations and groups, large and small, to get all they can get for themselves, whenever they can

get it, however they can acquire it, and from whomsoever it may come, without consideration for its effects upon their fellowmen.

"Even in the days when Declarations of Independence and insistence upon the rights of individuals formed the basis upon which civil law was founded, there was a standard of ethics which so governed most of the leaders of men as to salvage the day, and to prevent the disintegration which inevitably comes upon society when selfishness is dominant, morality is brushed aside, and the two great commandments are forgotten."

Things are not what they seem. Financial, operating, and profit and loss statements are all right so far as they go, but there is a certain something behind them all that defies analysis, and this can be for good or for evil. You recall the wag who said, "Figures don't lie, but they sure can be made to make 4-star liars out of a lot of us." Thomas Troward beautifully describes this inside of the outside, in this fashion:

"There is a world of philosophy in the simple statement that there can be no inside without an outside, and no outside without an inside; and the great secret in life is learning to see things in their wholeness, and to realize the inside and the outside simultaneously. Each of them without the other is a mere abstraction, having no real existence, which we contemplate separately only for the purpose of reviewing the logical steps by which they are again connected as cause and effect. Nature does not separate them for they are inseparable; and the law of nature is the law of life. It is related of Pythagorus that, after he had led his scholars to the dizziest heights of the inner knowledge, he never failed to impress upon them the converse lesson of tracing out the steps by which these inner principles translate themselves into the familiar conditions of the outward things by which we are surrounded. The process of analysis is merely an expedient for discovering what springs in the realm of causes we are to touch in order to produce certain effects in the realm of manifestation. But this is not sufficient. We must also learn to calculate how those particular effects, when produced, will stand related to the world of already existing effects among which we propose to launch them, how they will modify these and be modified by those in return; and this calculation of effects is as necessary as the knowledge of causes.

### ***Soul of Life Is Love***

"We cannot impress upon ourselves too strongly that reality consists of both an inside and an outside, a generating principle and a generated condition, and that nothing short of the reality of wholeness is illusion on one side or the other.

"And we must remember above all that the soul of life is Love, and that Love shows itself by service, and service proceeds from sympathy, which is the capacity for seeing things from the point of view of those whom we would help, while at the same time seeing them also in their true relations; and therefore, if we would realize that Love which is the inmost vitalizing principle even of the most interior powers, it must be kept alive by maintaining our hold upon the exterior life as being equally real with the inward principles of which it is the manifestation." This is another way of stating that the "Word became flesh and dwells among us."



Such a prosaic publication as the *Federal Reserve Bulletin* sets forth a simple chart listing the number of spending units in the various salary groups which simply quivers with life in the raw, its hopes, aspirations and disappointments, and you and I are vitally enmeshed in this experience. In 1948, 30 per cent of our tax reporting neighbors made less than \$2,000 before taxes; those making from \$4,999 or less, amounted to 85 per cent, leaving only 15 per cent beginning with \$5,000 and up, to carry the burden of uproarious incomes. Come to think of it, in a little snooping session, I did not come across any credit men who were bowlegged from carrying their salary deposits to the bank. Did you ever think that the nature of your job had much to do with that?

These 85 per cent are potential dynamite. It does not take much of a disturbance to set it off. When everything goes along fine, all is well, but bad weather, strikes, and illness can paralyze the sales department's best efforts, while fear and discouragement are a terrifically efficient mop-up team. Not only do these 85 percenters have to pay their own way through life, but they have to support a large segment of themselves by paying an additional cost to guarantee the incomes in many groups, come hell or high water, so as to be sure they turn out at election and vote the right way. It is just too bad that somebody cannot come across with a good argument to guarantee department and specialty stores steady, profitable, effortless sales. I hear someone saying, "You're crazy, it can't be done." Not only can it be done, but it is being done. Have you bought any blue potatoes for breakfast lately? Or some musty and wormy wheat, or some powdered eggs and dried milk—that makes a swell combination—or even some old gold (that's small "o" and small "g")? Perhaps when the other 48 per cent show up at the polls with their God-given sense, the answer will be different.

### **People Are Now Living Longer**

Strange as it may seem, these same 85 percenters, along with the rest of the 100 per cent are living longer. The insurance companies are concerned about it, because they find they have to pay out more benefits longer, and their income is less, and the tables of expectancy have to be revised drastically. The "peepul" find that their own habits are changing. They are getting older, and as they age they are not wanted by their firms, and sometimes unfortunately by their families. It is not considered good form, the advantages of euthanasia notwithstanding, to pour kerosene over them in a fiery orgy of disposal as the first Nero was wont to amuse himself. They have a right to live and earn their way so far as it is humanly possible, without making them public objects of a merciless charity, or recipients of a social security dole, that is neither social nor secure. At any stage of life, but especially among the advanced in years, is there anything more terrifying than that of the helplessness, shut-in-ness, frustration and despair of those who are reaching the end of the book, only to find blank pages? The tender and loving ministrations of the soul are as necessary as caring for the relatively simple creature comforts. It is a community, not a national problem; the contact is more personal, and the supervision more direct and efficient. Have you figured how much you will get when you come to claim your rights? What you get is bad enough, but

what you will not get is worse. Utopia is not just around the corner.

The total number of us is getting bigger, and the door-to-door counters are among us to find how many there really are; at present said to be 150 million. In 25 years this is to jump to 185 million. We wonder where they are all going to be parked. Just now babies are a drug on the market; they can be found on front porches, back steps, entrances to hospitals and even garbage cans. Can you conceive of the anguish and hell those mothers went through? Not long ago a fine looking couple had quads presented to them. Now their problem is how to dispose of them. They have no room, no dollars, no future. We do not dare laugh at them as it is our problem. Nature does not recognize governmental, philosophical nor religious edicts, for she is a law to herself, and we have to find out the inside of her before we criticise what we call the outside of her. If men had to give birth to the babies, the production curve would collapse.

### **Women to Have Dominant Part in Children's Plans**

One of these fine days not too far away, woman is going to demand that she have a dominant part in the plans of how her children are to be housed, fed, clothed and educated, and not be subject to the whims and caprices of the military brasses, to be ordered around into training camps or the slaughter fields because of some emergency or other. Remember, ladies, the spawn of the loins, become the pawns of the dictators.

When we dropped those bombs on Hiroshima and Nagasaki, the United States plummeted to the nadir of its national existence. What one man planned and another executed, brought ruin and destruction to property and person of innocent victims for which even our military leaders in their saner moments admitted there was no need. We often wonder whose was the greater guilt, the enemy who took advantage of a military opportunity, or those at home who planned the situation with the deliberate intent of bringing about this very opportunity, so there would be a plausible excuse for war. Probably that fact has escaped your attention. When the penalty "because ye have not done it unto one of these my little ones, ye have not done it unto me, enter into eternal darkness" is merely for failing to do what we should have done, what must the judgment be when we have gone out of our way to kill wantonly?

You will notice that I have refrained from discussing any other nation or its leader, for the simple reason that this is no time for the pot to call the kettle black. Both are too filthy dirty. When we, ourselves, have achieved some measure of self control and adherence to worth-while standards, then shall we be able to live our national life in such a way as to command respect and recognition of our ideals. At present we are bitterly hated, but we blindly refuse to acknowledge that fact. You may have overlooked our own little problems such as pellagra, Negroes, poor whites, subsidies, four million plus migrant workers, our very own private brand of displaced persons, and the horrendous H-bomb, plus a column more of other things. Did you read somewhere about taking your elbow out of your own eye first, before picking the grain of sand out of the other fellow's eye?

(Turn to "Living With Ourselves," page 27.)

# The Seven Fundamentals of a Successful Credit Department

CLARENCE E. WOLFINGER, *Credit Manager, Lit Brothers, Philadelphia, Penn.*  
*President, National Retail Credit Association*

THERE IS mysticism in the number "7" that dates back to ancient times. We read in our history books that Rome was built on seven hills. Thomas Mann in the "Magic Mountain" says: "Seven is a good handy figure in its way, picturesque, with a savour of the mythical; one might say that it is more filling to the spirit than a dull academic half-dozen." And you are all familiar with the magic of this number as represented by seven small dots when two small cubes are rolled out. Why shouldn't we, too, build the requisites necessary to a well-run credit department around the figure 7? Our first one is:

## 1. Recognition of Customer Relations

We may define customer relations as the way we act toward our customers and toward our community, and their response toward us. It is, of course, imperative that we strive for favorable customer relations. But we should realize, that unless our aim is directed toward a favorable customer impression, we can count on the opposite. We will receive unfavorable reactions. This is a law.

What makes good customer relations? Many words could be spoken and written about the subject. It is worthy of far more serious consideration than many of us realize. Primarily, we ought to determine the credit department's attitude toward customers, as well as the general conduct of the entire department personnel. On-the-job credit managers have up-to-the-minute credit departments. The cordial atmosphere of the credit department spreads outward from a cordial credit manager; he sets the pattern of the personality of the entire department. A pleasant, friendly and efficient credit department always builds good customer relations. Enlightened employee relations create a pleasant environment in which to work. Happy workers are good workers.

Whether you are dealing with employees or whether you are dealing with customers, you are dealing with people. When you open an account for a customer, you do not deal with credit information, nor do you deal with the refrigerator or the television set that the customer is buying. You deal with an individual just like yourself who has likes and dislikes, but who comes to you for the fulfillment of some desire. The more cordially he is received, the more cordially he responds.

It is necessary to recognize also that the customer selects your store for service because of some attraction, some thought or some desire. This feeling may be due to the enthusiastic remarks from another customer, or some particular piece of advertising, or some merchandise that was wanted especially, or for any one of many reasons. Whatever the reason, the customer's reactions at the time of the initial contact with your store presents your greatest challenge. Here is where you make a friend or lose a customer. A pleasant experience with your department will create sufficient interest to weld

lastingly that particular customer to your establishment. It is likewise possible that something may be said or done to embitter this customer so much that he will feel sorry your store was chosen as the place to shop for a major portion of his buying.

Many customers are sensitive. Something said or done, meaningless or unintentional, may upset them, such as the failure to smile or to say "good morning". That alone is every reason why we should make a customer feel at ease. The customer is your guest. It is important that nothing be done to make him feel unwanted. Customer reactions are far-reaching and easily aroused.

## 2. Courtesy and Prompt Credit Service

Ordinarily, one would think that courtesy and prompt credit service go hand in glove with good customer relations. They do. But it is sufficiently important for us to consider this as one of the most vital factors in a good credit operation. There is not any doubt about its importance. Because we think that every customer is entitled to courteous treatment, it does not follow that every customer receives courteous treatment. Certain customers who have been irritated by delayed adjustments and disappointments, do not approach such a situation with a calm and controlled mind. How would you feel if you waited at home all day for the delivery of some expected merchandise only to find that it did not arrive by the end of the day? Then when you telephoned for aid found that there was no place to which you could turn to be helped. Circumstances like this are not regular occurrences, we know, but they do happen periodically and they have to be dealt with. Every day, increasing competition calls for prompter credit service. The customer looks to the credit department for the satisfaction of a completed transaction. The credit department cannot avoid this responsibility and should be helpful and go out of its way to serve promptly whenever requested to do so. You want service, not excuses. Customers want service too, not excuses.

Does each one of us who approves credit realize how important the credit bureau is to us? The credit bureau is becoming an increasingly valuable factor in our credit operation, much greater than many of us realize. What do credit bureaus do in order to supply information from their files to members? They gather that information from numerous sources; newspapers, public records, their members, and an exchange of information between bureaus. But most of the file information of the bureau is supplied by the members themselves. How is it possible for the credit bureau to keep its files up to date if the members who make those files possible do not recognize the need for giving the bureau the required information with dispatch?

When an account becomes past due to the extent that it appears uncollectible, do we inform our credit bureau of this immediately? Or do we take care of it later? When we have a situation in connection with a possible overload, do we notify the bureau at once? Your own



credit department files may not be as important as the credit bureau files. In fact, with the proper flow of information into the credit bureau, the credit office files can be considerably minimized. You should store your information with the bureau and contact it when you want information. If everybody would follow such a plan, the bureau would have a continuing picture of changes toward or away from improvement in the customer's record. The bureau thus has a composite picture of the whole area. It is not hard to visualize the important safeguards and control of credit which the bureau would afford if it received the proper information from its members. Courtesy may be in your own hands, but prompt service is greatly dependent on your cooperation with your credit bureau. Credit facilities alone will not hold customers; courteous and prompt credit service will.

An attitude of haste when requesting information from the bureau and one of delay when the bureau requests information of you is unfair. It shows a poor spirit of cooperation. It defeats the entire master plan of a community credit bureau. A spirit of selfishness in any undertaking dooms it to an early grave. A spirit of selflessness assures its immediate and continuing success.

### 3. Fair and Unbiased Credit Analysis

One of the rare opportunities for the creation of more credit business and for better customer relations is a fair and unbiased appraisal of credit risks. In appraising the application for an account, we very often become too liberal and thereby destroy good will. Probably this sin is greater than when we make an effort to learn the other way and retard buying by being too strict. One of the challenges always facing credit appraisal is the treatment which we give to the so-called easy terms. Many of the stores are compelled to advertise and meet competition of low-down payments and long terms. Cautious credit consideration should be given to all small down payment and long term contracts, if for no other reason than the ease with which they are promoted. We all know that when we make it easy for the customer to buy, we often make it hard for ourselves to collect.

If there is one thing that the credit department should recognize, it is the axiom that you cannot have the same terms for every credit applicant who presents himself for a deferred payment account. If this were logical, then we could have printed along with the advertised terms, a supply of contracts all pre-printed with down payment, monthly payments and carrying charges. This would surely save a great deal of work in the credit office.

In appraising charge applications, there are many things that can be done before an account is declined. If at all possible, I would urge that no account be declined until every effort is made to straighten out the deficiencies as evidenced by the credit investigation.

We have done a lot of research work lately in connection with the rehabilitation of persons with diseased minds or those with mental ill health. Have we made an equally strong effort to deal with those who are unsound financially? In our particular work in the credit office, from the credit appraisal to the collection of a past-due account, we do too much tearing down and not enough building up. I know there are a great many people in this world of ours who will never be able to control their desire to buy beyond their ability to pay. There is much help that can be given to those who can-

not control their buying on a charge account by requesting that they use the deferred payment account. Deferred payment accounts have been liberalized lately and made more comparable to the charge account. At the same time, there are certain restrictions that can be placed on the deferred payment account which will automatically keep it under control. If we are not willing to help those who need to be helped, we are not doing our best service creditwise in our community and our organization. The right kind of credit appraisal helps credit sales promotion. It permits the selling of more merchandise to those who can afford to buy and withholds solicitation for additional purchases from those who have all that can be taken care of out of present income.

### 4. Continued Customer Appreciation

In the Bible we read about the young vines having tender grapes. Is it not true that frequently we fail to appreciate the continuing responsibility that we have toward customers? This responsibility, in many cases, is evidenced by the recognition of anniversaries, the celebration of birthdays or festivals, Christmas and year-end appreciation. Just simply putting the account on the books with a great deal of pomp and pageantry does not do us any good unless the account is continually serviced. What can we do to show this continued appreciation? There are many things; a customer, for instance, is entitled to a neat, legible and correct bill. No matter what the form of the bill, it should be a form acceptable to most customers; in other words, it should be a popular form. The method of payment of the bill, the ability to have adjustments made with ease and without irritation, are essential parts of the recognition of continued customer appreciation.

There is an outstanding opportunity to build customer good will when an account becomes past due. Customers find it hard to understand, and it is not easy for us to explain, why an account which has been paid with regularity over a period of years, when it becomes past due because of force of circumstances, receives, after the preliminary notices and reminders, a rather harsh collection follow-up. The intelligent use of collection media is a prerequisite of good customer service. Another evidence of the lack of understanding of customer response is permitting the account to become inactive without trying to learn the cause of inactivity. We all know that accounts become inactive for any one of several reasons. But the account that becomes inactive because of some failure on our part is the one about which we should be concerned.

We have no reason to feel unkindly to, or be concerned about, the customer who comes into the store with a complaint, justified or otherwise. That is a problem that is not difficult to solve. However, what about the customer who because of some trifling occurrence becomes provoked and stops buying at your store? There is your real worry, and you do not know that the customer has been lost. The sad part about such a situation is that when the customer becomes weaned away and establishes new buying habits, it is practically impossible to get that customer back on the active buying list again. Complaints and adjustments that can be made for five cents immediately may cost \$5.00 if permitted to remain unadjusted for a period of time. If not adjusted at all, the cost is enormous in lost business. It is true that adjustments are a problem. In the credit office we have two

types to deal with: the account adjustments and the merchandise adjustments.

Many adjustment problems could be avoided with an efficient and intelligent follow-up in the flow of routine work. Saleschecks often are left to accumulate until the end of the day before being moved into proper channels. Mail is neglected or accumulated. Postings are delayed. Look through your desk once in a while, unclip papers, and learn how easy it is for a piece of paper to be hidden under another piece. How many times have customers written to tell us that the letter being received is the second or third request to have something done. It may be possible to eliminate some of the work peaks that delay service. However, nothing more harmful can be done to customer good will than to put second things first. Continued customer appreciation is a recognized part of good office routine. Good will must be preserved as well as deserved. Look for opportunities to be of service.

### **5. The Early Recognition of Problems**

Problems creep into the offices without much assistance, but do we become aware of these problems as soon as they occur? Do we use every effort to avoid recurrence of them? Planning plays a large part in office routine. You cannot run an office without planning any more than you can build a skyscraper without blueprints. Much of the problems of work peaks is intensified because of this lack of planning. We cannot increase our sales nor our transactions without absorbing or re-arranging the work in the office or planning to take care of it by means of additional help. Credit interviewers often have to be added during sale periods and particularly on known busy days. In a large solicitation campaign, there must automatically be an increase in existing facilities to take care of increased business. Additional help has to be planned at holiday seasons to answer credit bureau references.

Problems are continually popping up between the selling floor and the offices, so the credit office is often erroneously known as a non-selling department. Do not let that apply to your credit office. Make your credit office the biggest selling department in the store and do so by the ready acknowledgment and recognition of problems and the making of a concerted effort toward their solution. Just looking on and seeing that a problem exists accomplishes nothing. It has to be solved. There is no other way to handle it. The problems become intensified too because they are permitted to grow without an early attempt of solution. If you would like your credit department to be one of the big selling departments in the store, build up a contact with your sales force so that they are interested in bringing questions to you for a solution, rather than resort to the do-nothing method.

If you were to put some of your credit representatives on the selling floor or in other departments of the store to find out for themselves what is going on, many of the rough spots would be smoothed out. When we talk about having rough spots smoothed out, it does not necessarily mean that they should be smoothed out by the sales and office force; they are smoothed out far better by service to the customer.

### **6. Organization, Training and Personnel**

Just as a successful athletic team performs best through teamwork, that spirit has to be instilled in the credit

department. Credit departments should be made up of specialists, people who are well equipped to do their jobs, but their specialization should not end there. The department which serves best is the one which is made up of specialists for every job and who have a working knowledge of the specialization needed in a number of jobs.

Proper training has to be considered. Some think that the simplest way to train an employee for a particular department is to select employees without any previous experience and bring them up in the way they desire work done. That is not the answer. Training means recognition, as well as teaching. Employees must enjoy the experience of feeling important in the over-all operation. Employees are human beings. They do not like to be bawled out or horsewhipped into doing things. Much more is accomplished if the department head leads the training program and sets an example of conduct by his own actions. The proper recognition of the employee's part in the department and the acknowledgment of his contribution toward a particular effort is a well-deserved tribute to him. All too often we tell the employee about his shortcomings but never praise him for his good work.

The successful management of any department depends upon the guidance and leadership of the department head. Office conferences to discuss work programs, improvements, new departures and things-to-come are an essential part of the training program. Tell your employee what is pending. Let him know and be a part of the arrangements. He feels disappointed and let down if this information comes to him from some other source. Ask your employees to work out as individuals, or as a group, a better way of doing things. Put your problems in their lap and ask them to report back to you or to their group at a later date what they think can be done. There is a lot of power built into a well-run and well-trained department. There are many things that can go wrong because of the lack of this.

### **7. The Necessity of Unrelenting Supervision**

All of these efforts mentioned are of no avail without constant supervision. You cannot just set plans and procedures in motion and expect their progress to be unaffected through time and changing conditions. Then, too, one of the great problems in office management is the strict adherence to rules as opposed to common sense. There are bound to be times during the operation of any department when rules must be broken and these infractions of regulations must be made at the top, certainly not be permitted by everyone. Unrelenting supervision makes it possible to see these situations as they develop and thereby bring about adjustments in the operation which prevent the development of more serious problems. Just as our physical being needs periodic checking, so must we watch our departmental operations and see that the performance is of high quality and that the lubricating oil of cooperation is adding toward the smooth running of the department.

There are perhaps many other things that we could discuss in connection with the successful operation of the credit office but these seven principles, if adhered to and followed up diligently, will contribute substantially toward a successful departmental operation. ★★★

# Meet Your New National Officers

Elected at the Annual Conference of the N.R.C.A., Cincinnati, Ohio, June 12-15, 1950



## C. E. Wolfinger

CLARENCE E. WOLFINGER, President, started his business career in banking and later became Federal Reserve Examiner with the Federal Reserve Bank of Philadelphia and then Manager of the Department of Bank Examination. Came to Lit Brothers, Philadelphia, in 1933 as Assistant Credit Manager, became Collection

Manager and is now Credit Manager. He is Past President of the Credit Men's Association of Eastern Pennsylvania, National Association of Credit Men; Past President of District Twelve, National Retail Credit Association; Past President of the Philadelphia Retail Credit Managers Association; and member of the Operating Council of the Philadelphia Credit Bureau. He was First Vice President of the N.R.C.A. in 1949-50, Second Vice President in 1948-49, and Third Vice President in 1947-48. He is First Vice Chairman of the Credit Management Division of the National Retail Dry Goods Association.

He is a noted author on credit subjects and many of his articles have appeared in leading trade publications including *The Credit World*. Mr. and Mrs. Wolfinger live at 223 East Mt. Pleasant Ave., Philadelphia, Pa. They have two sons and two daughters.



## F. Wm. Johnson

F. WM. JOHNSON, Second Vice President, was born in Corsicana, Texas, and attended the Texas Technological College, The University of Texas and the Y. M. C. A. Law School. After a year in the collection department of the Shaw Jewelry Co., Dallas, Texas, he accepted a position in 1930 with Neiman-Marcus, Dallas. On May

1, 1941, he was appointed Credit Manager of the store succeeding Robert A. Ross who was promoted to Vice President and Store Manager. Mr. Ross was President of the National Retail Credit Association in 1939-40.

In 1948 Mr. Johnson served as President of the Dallas Retail Credit Managers' Association and in May, 1950, was elected First Vice President of the Retail Credit Executives of Texas. He has been a member of the Board of Directors of the Credit Management Division of the National Retail Dry Goods Association since 1943, and served as Chairman during 1947-48. At present he is a member of the Advisory Council. In 1949-50 he was Third Vice President of the N.R.C.A.

His hobbies are: first, hunting quail; second, fishing; and third, he is a rabid football fan, his favorite team being The University of Texas. Mr. Johnson is married and they have one son, Billy, age seven.



## Royce Sehnert

ROYCE SEHNERT, First Vice President, was born in Chanute, Kansas. He was educated in the Moline and Chanute public schools and graduated from the Moline high school and the Chanute Business College. He started with *The Wichita Eagle* in 1923 and since 1924 has been Credit Manager. He has held all offices, including

the Presidency, of the Credit Bureau of Wichita, Associated Credit Bureaus of Kansas and District Seven of the National Retail Credit Association. He is a member and past director of the Wichita Association of Credit Men. In 1949-50 he was Second Vice President of the N.R.C.A., and in 1948-49 he was Third Vice President. He is a member of the Lions Club of Wichita.

Mr. Sehnert is a member of the Christian church. His main hobby is his four-room cabin, built by himself on the Big Arkansas River, south of Wichita. This spot provides plenty of opportunity for his favorite sports, fishing and hunting. He takes an active part in the Summer Boys Camp, located at Camp Hyde, near Wichita, and operated by the Lions Club.

Mr. Sehnert is married and they make their home at 119 North Richmond, Wichita, Kansas.



## O. Willard Frieberg

O. WILLARD FRIEBERG, Third Vice President, was born in Vermillion, South Dakota. He graduated from the University of South Dakota in 1922. In 1922-24, he was a teaching fellow in economics at the University of California at Berkeley, after which he completed graduate work in economics, receiving his Master of Arts degree

in 1925. He accepted a position with the American Trust Company in San Francisco, California, June 1, 1925. He served as assistant branch manager, branch manager and now is Assistant Vice President, Monthly Payment Loan Department at the head office of the bank in San Francisco. In 1946-47, he was President of the Associated Retail Credit Men of San Francisco and Director at Large of the N.R.C.A., 1948-49. He is instructor and lecturer of the American Institute of Banking, giving courses in business administration, money and banking, in San Francisco. He has always taken an active part in civic affairs in San Leandro, a suburb of San Francisco. In 1945-47 he was President of the San Leandro Town Meeting and President of the San Leandro Board of Freeholders in 1948-49.

Mr. and Mrs. Frieberg live at 954 Lea Avenue, San Leandro, and they have two sons, John 20 and Ronald 15.

# Cincinnati Conference Notes

## Resolutions

### Proposed Amendment to Bankruptcy Act

WHEREAS, under the provisions of Chapter 13 of the Bankruptcy Act now in effect, it is not possible for persons having salaries in excess of \$3,600.00 to take advantage of the wage-earner plans in order to liquidate indebtedness that falls within the provisions of the Bankruptcy Act; and

WHEREAS, in many cases there is a consequent complete loss to many creditors; and

WHEREAS, present-day standards of money values, living standards and scales of wages and salaries, make the figure of \$3,600.00 an ineffective yardstick for use in determining whether or not a debtor should have the right to resort to the wage-earner provisions rather than to bankruptcy; now

THEREFORE, BE IT RESOLVED that the National Retail Credit Association in convention assembled, does petition the Congress of the United States, to amend

Chapter 13 of the Bankruptcy Act (11 U.S.C.A. Sec. 1001 seq.) to allow debtors in need of relief, having salary or wages of not more than \$10,000.00, to avail themselves of the wage-earner provisions of such act; and

BE IT FURTHER RESOLVED, that the Executive Officers of this Association be, and they hereby are instructed, to transmit copies of this resolution to each member of the House and Senate Judiciary Committees and to any other Congressional representatives who should be consulted in this matter.

### Garnishment of Salaries of Delinquent Debtor Federal Employees

WHEREAS, there is not now available any remedy of garnishment and attachment against the officials and employees of the Federal Government departments; and

WHEREAS, the problem of the delinquent debtor who is a Federal employee is a subject of serious interest to members of the National Retail Credit Association, and

WHEREAS, members of this Association are furnishing to its Executive Officers information concerning aggravated cases where collection of just debts has become difficult, if not impossible, by reason of the fact that the debtor is an employee or official of the Federal department; now

THEREFORE, BE IT RESOLVED, that this Association should continue its efforts to obtain legislation providing for the garnishment of salaries of debtor Federal employees; and

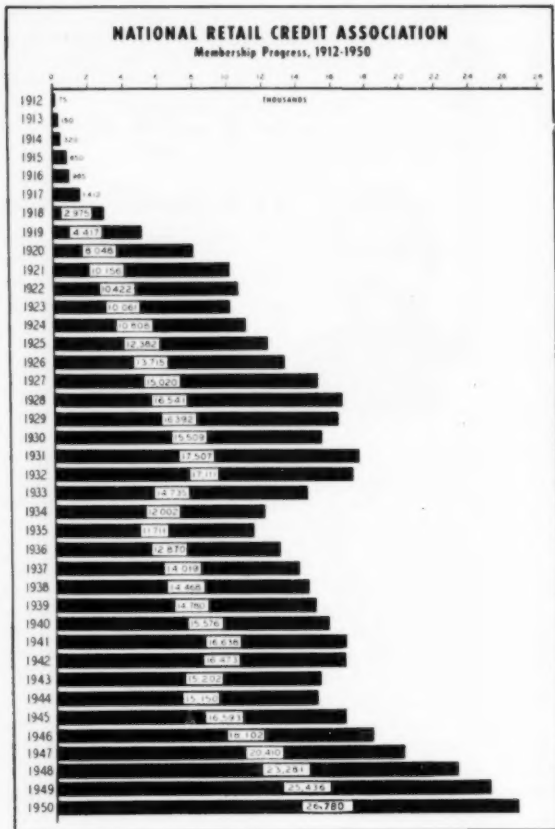
BE IT FURTHER RESOLVED, that the Legislative Committee of the National Retail Credit Association is directed to exert special efforts to attain the objectives of this Association in attempting to obtain such legislation.

### Liberalization of Postal Regulations to Encourage Sound Promotion and Conduct of Business

WHEREAS, the National Retail Credit Association and many of its constituent members have experienced detriment to their respective businesses by the practices of the Post Office department, and its constituent post offices, in refusing to furnish directory service upon mail that has been misaddressed to their offices; and

WHEREAS, under the instructions of the Postmaster-General, mail that has been misaddressed is now returned to the sender marked "Removed," "Gone," or "Wrong Address," even though the business house to which it is addressed may be large, well established and well known and a generous user of the facilities of the Post Office department; and

WHEREAS, the frequent occasions of such practices on the part of the Post Office department causes loss of good will and of valuable business to business establishments; now





THEREFORE, BE IT RESOLVED, that the National Retail Credit Association, representing 26,780 members, consisting of retail stores, utilities, banks, finance and loan companies and other types of business that grant consumer credit, hereby request the Postmaster-General to rescind the instructions to his department which prevent the using of directory service on mail to business establishments and that he issue orders that will require the proper post office employees to furnish directory service in all cases in which it would improve the mail delivery system.

#### Speakers

WHEREAS, the delegates to the 36th Annual International Consumer Credit Conference in session at Cincinnati, Ohio, June 13, 14, and 15, have been privileged to hear a number of outstanding speakers; and

WHEREAS, the addresses have all been of an informative and thought-provoking character; now

THEREFORE, BE IT RESOLVED that this Association publicly acknowledge its indebtedness to our speakers for their inspiring addresses which so enriched the Conference program, and that a special letter of appreciation be sent by the Secretary to each of the speakers.

#### Conference Committee

WHEREAS, it is recognized that the success of the 36th Annual International Consumer Credit Conference in the city of Cincinnati has been made possible only as a result of untiring effort; and

WHEREAS, it is recognized that extensive preparations have been made for the convenience and comfort of the delegates at considerable expense in money and effort; and

WHEREAS, the Cincinnati Conference has been outstanding in significance and accomplishments; now

THEREFORE, BE IT RESOLVED that the members of the National Retail Credit Association, in Conference assembled, gratefully acknowledge the excellent work of the Co-Chairmen, Allison P. Koelling, Credit Bureau of Cincinnati, and Carroll D. Whisler, Mabley & Carew Co., and their corps of assistants comprising the Conference Committee, also the management and able assistants of the Hotels Netherland Plaza and Terrace Plaza for their hospitality and contribution toward the success of the Conference.

#### Cincinnati Retail Merchants Association

WHEREAS, the success of any International Consumer Credit Conference depends primarily upon the friendly greetings of the organization representing the merchants of the conference city; and

WHEREAS, the success of the 1950 Conference has been due in a large part to the cordial and cooperative action of the Retail Merchants Association of Cincinnati; now

THEREFORE, BE IT RESOLVED, that the National Retail Credit Association express its sincere thanks to the Cincinnati Retail Merchants Association, Lynn Revenaugh, General Manager, for their outstanding contribution to the success of the 36th Annual International Consumer Credit Conference.

## Membership Prizes

Membership of the National Retail Credit Association is higher at the present time than at any other time in its history. The membership chart on the opposite page shows that on May 31, 1950, the total membership was 26,780, an increase of 1,344 new members during the past year. Membership prizes were again awarded at the 36th Annual International Consumer Credit Conference held in Cincinnati, Ohio, June 12-15, 1950. The list of prizes includes the following:

#### Plaques

*Plaques were awarded to:*

Retail Credit Association of Pittsburgh, Pittsburgh, Pennsylvania, as a token of our appreciation for outstanding membership work. For the past two years the Pittsburgh Association has had the distinction of being our largest unit.

Spokane Retail Credit Association, Spokane, Washington, as a token of our appreciation for having the largest National Unit, based on population, of any of the metropolitan cities.

Retail Merchants Credit Association of Los Angeles, Los Angeles, California, as a token of our appreciation for outstanding membership results for years 1947-1950.

#### \$100.00 in Cash

*Local chairman reporting the largest number of new members:*

Tacoma Retail Credit Association for local membership Chairman, E. A. Saunders, Puget Sound National Bank, Tacoma, Washington, and Chairman of the Campaign Committee, William Wiley, Jr., St. Paul and Tacoma Lumber Company, Tacoma, Washington.

*State membership chairman reporting the largest number of new members:*

Vernon E. Rasmussen, Evergreen Cemetery Company, Seattle, Washington.

*District membership chairman reporting the largest number of new members:*

R. T. Wright, Metropolitan Branch, Seattle First National Bank, Seattle, Washington.

*First credit bureau manager reporting 100 per cent National affiliation:*

Howard G. Chilton, Credit Bureau of Greater Waco, Waco, Texas.

#### Pen and Pencil Sets

*President of the National unit making the largest percentage gain in membership:*

C. F. Elder, Kegels', Tacoma, Washington.

*Secretary of National unit making the largest percentage gain in membership:*

John Schlarb, Jr., Credit Bureau of Tacoma, Tacoma, Washington.

*Credit Manager for outstanding membership work:*

F. Wm. Johnson, Neiman-Marcus, Dallas, Texas.

(Turn to "Conference Notes," page 15.)



## ★ Items of Interest From the NATION'S CAPITAL

HAROLD L. SCHILZ, Counsel, National Retail Credit Association, Washington, D.C.

### Wage Earners' Plans Instead of Bankruptcy

The National Retail Credit Association sponsored and was principally instrumental in having passed, in 1938, the amendment to the Bankruptcy Act known as Chapter 13 of the Chandler Act. The purpose of such provisions was to relieve wage earners and persons on small salaries from the stigma of bankruptcy in those situations where such persons had become so heavily involved in debt as to be unable to meet their obligations within a reasonable time. This applied to persons having salaries up to \$3,600.

In the June CREDIT WORLD I pointed out that the Legislative Committee of the Association has gone on record as favoring extending this minimum salary limitation to \$10,000. The late R. Preston Shealey, Esq., who was the Washington counsel for the National Retail Credit Association at the time, expended much effort and very materially contributed toward obtaining this useful WAGE-EARNER-PLANS addition to the Bankruptcy Act. The plan has been outstandingly successful in a number of communities, one of which in particular has been Birmingham, Alabama. Clarence W. Allgood, referee in bankruptcy there, has from time to time given this Association's officers valuable advice concerning the possible effect of proposed legislative changes in the Bankruptcy Act. The Wage Earners' Plans, where availed of to any extent, have the additional virtue of curtailing the otherwise complete loss to any creditors.

Following are some of the sections of the Wage Earners' provisions of the Bankruptcy Act as set out in Title 11, U. S. C. A., that will be of interest to the members of this Association:

#### SUBCHAPTER II—DEFINITIONS

##### § 1006. *In general*

For the purposes of this chapter, unless inconsistent with the context—

(1) "claims" shall include all claims of whatever character against the debtor or his property, whether or not provable as debts under section 103 of this title and whether secured or unsecured, liquidated or unliquidated, fixed or contingent, but shall not include claims secured by estates in real property or chattels real;

(2) "creditor" shall mean the holder of any claim;

(3) "debtor" shall mean a wage earner who filed a petition under this chapter;

(4) "debts" shall include all claims;

(5) "executory contracts" shall include unexpired leases of real property;

(6) "petition" shall mean a petition filed under this chapter by a wage earner desiring to effect a plan for a composition or extension of time for the payment of his debts, or both;

(7) "plan" shall mean a plan for a composition or extension, or both, proposed in a proceeding under this chapter; and

(8) "wage earner" shall mean an individual who works for wages, salary, or hire at a rate of compensation which, when added to all his other income, does not exceed \$3,600 per year.

##### § 1007. *Creditors affected by plan; determination*

A creditor shall be deemed to be "affected" by a plan only if his interest shall be materially and adversely affected thereby. In the event of controversy, the court shall, after hearing upon notice, summarily determine whether any creditor is so affected.

#### SUBCHAPTER III—JURISDICTION, POWERS, AND DUTIES OF THE COURT

##### § 1011. *Exclusive jurisdiction of debtor, property, and earnings*

Where not inconsistent with the provisions of this chapter, the court in which the petition is filed shall, for the purposes of this chapter, have exclusive jurisdiction of the debtor and his property, wherever located, and of his earnings and wages during the period of consummation of the plan.

##### § 1012. *Jurisdiction, powers, and duties*

Where not inconsistent with the provisions of this chapter, the jurisdiction, powers, and duties of the court shall be the same—

(1) where a petition is filed under section 1021 of this title and a decree of adjudication has not been entered in the pending bankruptcy proceeding, as if a decree of adjudication had been entered in such bankruptcy proceeding at the time the petition under this chapter was filed, or

(2) where a petition is filed under section 1022 of this title, as if a voluntary petition for adjudication in bankruptcy had been filed and a decree of adjudication had been entered at the time and petition under this chapter was filed.

##### § 1013. *Same; administration of estate*

Upon the filing of a petition, the court may, in addition to the jurisdiction, powers, and duties hereinabove and elsewhere in this chapter conferred and imposed upon it—

(1) permit the rejection of executory contracts of the debtor, upon notice to the parties to such contracts and to such other parties in interest as the court may designate;

(2) extend upon cause shown any time which under this chapter the court is required or permitted to fix for any purpose.

##### § 1014. *Stay of actions*

The court may, in addition to the relief provided by section 29 of this title and elsewhere under this chapter, enjoin or stay until final decree the commencement or continuation of suits other than suits to enforce liens upon the property of a debtor, and may, upon notice and for cause shown, enjoin or stay until final decree any act or the commencement or continuation of any proceeding to enforce any lien upon the property of a debtor.

##### § 1031. *Reference to referee*

The judge may refer the proceeding to a referee.

##### § 1032. *Meeting of creditors; time; notice*

The judge or referee shall promptly call a meeting of creditors, upon at least ten days' notice by mail to the debtor and his creditors.

##### § 1033. *Same; conduct and business generally*

At such meeting, or at any adjournment thereof—

(1) the judge or referee shall preside, receive proofs of claim, and allow or disallow them, and examine the debtor or cause him to be examined and hear witnesses on any matter relevant to the proceeding;

(2) the debtor shall submit his plan, and deposit with the referee, if any, such sum, as the referee may require, not to exceed \$15, as indemnity for the expenses of the referee;

(3) the court shall receive and determine the written acceptances of creditors on the proposed plan, which acceptances may be obtained by the debtor before or after the filing of a petition under this chapter;



(4) the court shall, if the plan is accepted, appoint a trustee to receive and distribute, subject to the control of the court, all moneys to be paid under the plan and shall require such trustee to give bond with surety to be approved by the court in such amount as the court shall fix; and

(5) the court shall fix a time for the filing of the application to confirm the arrangement and for a hearing on the confirmation thereof or any objection to the confirmation, unless such times have already been named in the notice of the meeting or unless all creditors affected by the arrangement have accepted it.

#### SUBCHAPTER VIII—PROVISIONS OF PLAN

##### § 1046. *Contents generally*

A plan under this chapter—

(1) shall include provisions dealing with unsecured debts generally, upon any terms;

(2) may include provisions dealing with secured debts severally, upon any terms;

(3) may provide for priority of payment during the period of extension as between the secured and unsecured debts affected by the plan;

(4) shall include provisions for the submission of future earnings or wages of the debtor to the supervision and control of the court for the purpose of enforcing the plan;

(5) shall provide that the court may from time to time during the period of extension increase or reduce the amount of any of the installment payments provided by the plan, or extend or shorten the time for any such payments, where it shall be made to appear, after hearing upon such notice as the court may designate, that the circumstances of the debtor so warrant or require;

(6) may include provisions for the rejection of executory contracts of the debtor; and

(7) may include any other appropriate provisions not inconsistent with this chapter.

#### SUBCHAPTER IX—CONFIRMATION AND CONSUMMATION OF PLANS

##### § 1051. *Unanimously accepted plan; confirmation upon deposit by debtor*

A plan which at the meeting of creditors, as provided in section 1033 of this title, has been accepted in writing by all creditors affected thereby, whether or not their claims have been proved, shall be confirmed by the court when the debtor shall have made the deposit required under this chapter and under the plan, and if the court is satisfied that the plan and its acceptance are in good faith and have not been made or procured by any means, promises or acts forbidden by this title.

##### § 1052. *Majority accepted plan; application for confirmation*

If a plan has not been so accepted, an application for the confirmation of the plan may be filed with the court within such time as the court shall have fixed in the notice of such meeting, or at or after such meeting and after, but not before—

(1) it has been accepted in writing, if unsecured creditors are affected by the plan, by a majority in number of all such creditors whose claims have been proved and allowed before the conclusion of the meeting, which number shall represent a majority in amount of such claims, and by the secured creditors whose claims are dealt with by the plan; and

(2) the debtor has made the deposit of moneys required of him under this chapter and under the plan.

##### § 1053. *Alterations or modifications prior to confirmation*

Alterations or modifications of a plan may be proposed in writing by a debtor, with leave of court, at any time before the plan is confirmed.

##### § 1054. *Same; acceptance*

Unless the court finds that the proposed alteration or modification does not materially and adversely affect the interest of any creditor who has not in writing assented thereto, the court shall adjourn the meeting or, if closed, reopen the meeting, and may enter an order that any creditor who accepted the plan and who fails to file with the court within such reasonable time as shall be fixed in the order a rejection of the altered or modified plan, shall be deemed to have accepted the alterations or modification and the plan so altered or modified, unless the previous acceptance provides otherwise.

##### § 1055. *Same; notice*

At least ten days' notice of the adjourned or reopened meeting, together with a copy of the order, if entered, and of the proposed alteration or modification, shall be given to the creditors and other parties in interest.

## “Conference Notes”

(Beginning on page 12.)

*Bureau Manager for outstanding membership work:*

J. E. R. Chilton, Jr., Merchants Retail Credit Association, Dallas, Texas.

### Gavels

*First local unit organized during the fiscal year:*

Belen Retail Credit Association, Belen, New Mexico.

*Local units exceeding the membership quotas:*

Retail Merchants Association, Odessa, Texas.

Retail Credit Association of Orlando, Orlando, Florida.

Retail Credit Association of Clark County, Arkadelphia, Arkansas.

Roseburg Retail Credit Association, Roseburg, Oregon.

Moultrie Retail Credit Association, Moultrie, Georgia.

Retail Merchants Association, Texas City, Texas.

Retail Merchants Association, Waco, Texas.

Arlington Credit Association, Arlington, Virginia.

Lafayette Credit Association, Lafayette, Indiana.

Bend Credit Association, Bend, Oregon.

Woodland Credit Association, Woodland, Washington.

Port Alberni Credit Association, Port Alberni, British Columbia, Canada.

Prince Rupert Credit Association, Prince Rupert, British Columbia, Canada.

Cloquet Credit Association, Cloquet, Minnesota.

Holyoke Credit Association, Holyoke, Massachusetts.

Retail Merchants Association, Garland, Texas.

Retail Merchants Association, Irving, Texas.

##### § 1056. *Requisites for confirmation*

(a) The court shall confirm a plan if satisfied that—

(1) the provisions of this chapter have been complied with;

(2) it is for the best interests of the creditors;

(3) it is fair and equitable, and feasible;

(4) the debtor has not been guilty of any of the acts or failed to perform any of the duties which would be a bar to the discharge of a bankrupt; and

(5) the proposal and its acceptance are in good faith and have not been made or procured by any means, promises, or acts forbidden by this title.

(b) Before confirming any such plan the court shall require proof from each creditor filing a claim that such claim is free from usury as defined by the laws of the place where the debt was contracted.

##### § 1057. *Binding effect of confirmation*

Upon confirmation of a plan, the plan and its provisions shall be binding upon the debtor and upon all creditors of the debtor, whether or not they are affected by the plan or have accepted it or have filed their claims, and whether or not their claims have been scheduled or allowed or are allowable.

##### § 1061. *Discharge of debtor at expiration of three years*

If at the expiration of three years after the confirmation of a plan the debtor has not completed his payments thereunder, the court may nevertheless, upon the application of the debtor and after hearing upon notice, if satisfied that the failure of the debtor to complete his payments was due to circumstances for which he could not be justly held accountable, enter an order discharging the debtor from all his debts and liabilities provided for by the plan, and all debts denied participation in the plan by section 1043 of this title, but excluding debts which are not dischargeable under section 35 of this title held by creditors who have not accepted the plan.

##### § 1068. *Exclusive method of adjudication*

Except as provided in section 1066 of this title and elsewhere in this chapter, a debtor shall not be adjudged a bankrupt either in a proceeding under this chapter or in any proceeding instituted under this title, during the pendency of a proceeding under this chapter.

# National Retail Credit Association

## Constitution

### ARTICLE I—NAME

The name of this organization shall be the . . . . . District of the National Retail Credit Association.

### ARTICLE II—PURPOSES AND OBJECTIVES

*This organization is formed for:*

1. Fraternal and educational purposes and not for pecuniary profit or gain.
2. To create fraternal feeling among its members and all persons engaged in credit granting.
3. To unite fraternally, for mutual benefit, protection and improvement of credit granting and credit-granting conditions, all those engaged in credit granting.
4. To collect and distribute information, educational in its nature, among its members.
5. To hold annual and other conferences where the members may meet and receive instructions and may interchange views and experiences regarding credit granting.
6. To collect, correlate and disseminate statistical data dealing with consumer credit in order to assist its members and others engaged in consumer credit extension to better understand and apply the principles upon which such consumer credit extension is based.

*The objectives shall be:*

1. To render uniform and establish more firmly the principles upon which consumer credit is based.
2. To encourage the passage, correction and modification of laws, both Federal and State, needed for the equal and just protection of honest debtors and creditors, which will be beneficial to the nation's commerce.
3. To coordinate and improve the methods of consumer credit granting.
4. To assemble and disseminate instructive and desirable data and information on credit and commercial subjects.
5. To amend business customs and practices whereby consumer credit may be benefited and improved and the welfare of commerce advanced.
6. To promote cooperation between consumer credit granters and to perform such other lines and types of work as the members may determine from time to time are required for the advancement and protection of consumer credit.

### ARTICLE III—MEMBERSHIP

Membership of this organization shall consist of Consumer Credit Granters, Bankers, Professional Men, Individual Firms or Corporations engaged in any business or profession in which consumer credit is extended; Credit Bureaus, Mercantile Agencies and Collection Agencies. All must be members of the National Retail Credit Association, must reside in this District, and must have complied with requirements as designated by the Board of Directors.

### ARTICLE IV—SUSPENDING AND EXPELLING MEMBERS

The provisions of Article IV of the Constitution and Bylaws of the National Retail Credit Association regarding the suspending and expelling of members will apply to the suspending and expelling of members of this District.

### ARTICLE V—ANNUAL DUES

The dues of this District shall be as prescribed by the Board of Directors.

### ARTICLE VI—THE CREDIT WORLD

The CREDIT WORLD, published by the National Retail Credit Association, shall be the official publication of this District. This provision does not prohibit the issuing of any special bulletins if they are found necessary in the conduct of the business of the District.

### ARTICLE VII—ANNUAL MEETING

The Annual Meeting of this District shall be held at the place selected by the Board of Directors. Such selection with respect to the following year will be made at each Annual Meeting. The General Manager-Treasurer or Secretary of the National Retail Credit Association shall be notified of the date of each Annual Meeting at least three months in advance of the time that it is to be held. All programs shall be approved by the Program Committee of the District. The registration fee shall be set by the Board of Directors of the District.

### ARTICLE VIII—REPRESENTATION

*Section 1.* Each unit of the National Association shall be entitled to one delegate for each ten members or major fraction thereof, and each delegate shall cast a vote on any roll call for each member whom he represents. A delegate unable to attend the Annual Meeting may give his proxy to any other member of his Local Association.

Any properly authorized delegate may cast the vote of the entire Local Association of which he is a member, provided said delegate may have duly established his authority with the Credentials Committee.

*Section 2.* (a) Members not holding membership in a National Unit may be represented at all meetings of the District, either in person or by proxy.

(b) All proxies shall be in writing and must be filed with the Committee on Credentials on the first day of the Annual Meeting, and proxies not so filed may not be voted at any time during the meeting. All proxies of individual members may be held by a member residing in the same state as the maker thereof.

*Section 3.* No member shall be entitled to vote at any Annual Meeting of this District, either in person or by proxy, unless said member is in good standing with the National Retail Credit Association at the time he offers to vote.

### ARTICLE IX—OFFICERS AND DIRECTORS

*Section 1.* The officers of this District shall be a President, a Vice President, and a Secretary-Treasurer, all of whom shall be credit granters except the Secretary-Treasurer, who may be a Credit Bureau Manager.

*Section 2.* The District shall be represented on the Board of Directors of the National Retail Credit Association by one elected representative, who will be known as National Director. (See Article 10, Section 3-a.) In case the representative so elected becomes an officer of the National Retail Credit Association at its Annual Conference, the Alternate National Director shall fill the vacancy. (See Article 10, Section 3-d.)

*Section 3.* The Board of Directors of this District shall be as follows: President, Vice President, Secretary-Treasurer, National Director, Alternate National Director, the immediate Past President, and at the option of the District, all District Past Presidents, the President of the District Council of the Credit Women's Breakfast Clubs of North America, and eight others. All shall be credit granters except the Secretary-Treasurer, who may be a Bureau Manager, and the President of the District Council of Credit Women's Breakfast Clubs of North America.

### ARTICLE X—NOMINATIONS, ELECTIONS AND FILLING VACANCIES

*Section 1.* (a) Election of officers and directors will be held at the Annual District Meeting.

(b) A Nominating Committee, consisting of five members, shall be appointed by the President. One member of this committee shall be selected from among the former Presidents and he shall act as Chairman. The remainder of said committee shall be selected from such parts of the District as the President may deem advisable. Not more than two of this committee may be appointed from the current Board of Directors.

*Section 2.* (a) Said committee shall present to the Annual meeting one or more names for each of the officers and directors that are to be elected. In selecting candidates the committee shall exercise care in the matter of a proper distribution of directorships throughout the District from the viewpoints of location and types of business.

(b) Nominations for officers and directors may be made from the floor of the conference at any time before nominations are officially declared closed, immediately preceding the voting.

(c) The election shall, when possible, occur on the first day of the Annual Meeting, otherwise on the morning of the second day.

*Section 3.* (a) The President, Vice President and Secretary-Treasurer shall be elected for one-year terms, four members of the Board of Directors shall be elected each year for two-year terms, or until their successors are elected. The National Director and the Alternate National Director shall be elected for a term of two years and shall assume their duties immediately following adjournment of the Annual Business Conference of the National Retail Credit Association.

(b) No city shall be entitled to more than one Director in addition to an Officer, National Director, or Alternate National Director, at the same time.

(c) Vacancies occurring upon the Board of Directors between annual meetings shall be filled by the Board, to serve until the next Annual Meeting.

(d) Should an officer or director cease to be a member of the National Retail Credit Association, his office shall be declared vacant. (See C of this Article.)

#### ARTICLE XI—APPLICATION FOR MEMBERSHIP

Application for membership must be made in writing to the Local Retail Credit Association, if there be one; otherwise to the Secretary of the National Retail Credit Association. The applicant, if not a member of the National Retail Credit Association, must also submit an application for membership in that Association, together with a remittance for one year's dues. Application from a city having an affiliated Association must be approved by said affiliated Association.

#### ARTICLE XII—QUORUMS

One-fifth of the total membership of this District in attendance, either in person or by proxy (See Article VIII), at a regular business session of the Annual Meeting, shall constitute a quorum. A majority of the members of the Board of Directors shall constitute a quorum at any time. A majority of the members of any committee shall constitute a quorum.

#### ARTICLE XIII—AMENDMENTS

All proposals for alterations, additions, or amendments to the Constitution and Bylaws of this District shall be submitted to the general membership at the Annual Meeting, and upon approval by a majority of those present, shall be submitted to the General Manager-Treasurer or Secretary of the National Retail Credit Association, who shall, for the purposes of uniformity, submit such proposals for alterations, additions, or amendments to each of the other District organizations. Such proposals for alterations, additions or amendments shall become effective in all Districts upon their ratification by two-thirds of the Districts of the National Retail Credit Association.

#### ARTICLE XIV—USE OF NAME

This District shall be entitled to use the name "The . . . District of the National Retail Credit Association" and also the official insignia of the National Retail Credit Association on the official stationery.

#### ARTICLE XV—STANDING COMMITTEES

The Standing Committees of the District shall be:

- (a) Consumer Credit Education
- (b) Creditentials
- (c) Credit World
- (d) Finance
- (e) Legislative
- (f) Membership
- (g) Program
- (h) Resolutions

These committees shall be appointed by the President as soon as possible after assumption of office. He shall appoint such other committees as designated by the Board of Directors.

#### ARTICLE XVI—LOCATION OF DISTRICT HEADQUARTERS

The headquarters of this District shall be located in the city in which the Secretary-Treasurer resides.

## Bylaws

#### ARTICLE I—PRESIDENT

Section 1. (a) The President shall preside at the Annual Meeting of this District and at all meetings of the Board of Directors held during his term of office. He shall be Chief Executive Officer, exercising general supervision over the interests and welfare of the District. He shall fill any vacancies occurring upon all committees.

(b) The President shall call all meetings of the Board of Directors at his discretion, or upon written request of a majority of the members of the District or of the Board. He shall have the deciding vote in case of a tie. At least two meetings of the Board of Directors shall be held each year.

Section 2. The Vice President, in the absence of the President, shall perform the duties of and have the same authority as the President.

Section 3. In the absence of the President and Vice President, the Board of Directors shall elect from its membership a President, pro tempore.

#### ARTICLE II—SECRETARY-TREASURER

The Secretary-Treasurer shall have direct control over the District Office and all of its activities; he shall sign, in the name of the District organization, all legal documents authorized by the Board of Directors of this District; he shall be accountable for the receipt and disbursement of all funds of the organization and shall deposit such funds in such banking institution as may be approved by the Board of Directors. He shall give notice to members, by mail or in The CREDIT WORLD, of the date of each Annual Meeting at least thirty days in advance. He shall render an annual report of the organization's activities and finances to the Annual Meeting and make such reports as may be required by the Board of Directors. His accounts and books shall be, at all times, open to inspection by the Board of Directors. He shall attend all meetings of the Board of Directors; he shall keep in a book provided for that purpose, a true and correct record of the proceedings of such meetings; he shall have charge of all books, records and documents properly belonging to or appertaining to this office.

#### ARTICLE III—BOARD OF DIRECTORS

Section 1. The Board of Directors shall decide the policy of this organization and authorize its budget.

The National Director representing the District may not succeed himself as National Director, if he has served two successive terms of two years each.

Section 2. They may instruct the President, officers and committee chairmen in matters affecting the welfare of the District. (See Article 2 of the Constitution.)

Section 3. The books of the Secretary-Treasurer shall be audited each year by the Finance Committee.

#### ARTICLE IV—STANDING COMMITTEES

The Standing Committees shall consider such matters as are pertinent to their special objects and shall suggest to the Board of Directors for its approval such action as may seem wise.

#### ARTICLE V—CHECKS

All checks shall be signed by the Secretary-Treasurer or by the President.

#### ARTICLE VI—RULES OF ORDER

Roberts' Rules of Order shall govern all meetings.

#### ARTICLE VII—ANNUAL REPORTS

The President, the Secretary-Treasurer, and the chairmen of all Standing Committees shall report to the Annual Meeting of this organization. All books, documents, and reports of officers and committees shall be the property of the District organization.

#### ARTICLE VIII—SEAL

The official seal of the National Retail Credit Association may be used upon the stationery of any member in good standing.

#### ARTICLE IX—AMENDMENTS

These Bylaws may be amended as provided for in Article XIII of the Constitution. ★★★

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# Credit and Collection Procedure

## Are We Spending a Dollar to Collect a Dollar?

JOHN M. GRIEST, Associate Professor of Finance, University of Colorado, Boulder, Colorado

EACH NEW ISSUE of *The CREDIT WORLD* brings new ideas and new challenges to the credit manager. To the student in the business school who plans to enter credit work they bring a better understanding of the problems and the various approaches to their solution. For these students there is, no doubt, no better single means of becoming oriented into their chosen field aside from actual apprenticeship. However, there is a phase of credit and collection management which does not seem to receive the comprehensive and frequent treatment that it justifies by its importance. That phase is the proper measurement of credit and collection department efficiency. The majority of credit men and women are students, also, so this discussion of one of the important measurements may be received by them with open minds. It is desirable that all of these students, in schools and in the credit field, may hear from others as to the practical means of applying the measurement discussed here.

Over the years there have been many fine articles regarding measures of credit department effectiveness and there have been many fine speeches on the subject presented at credit conferences. It appears from a survey, however, that the principal measurement widely accepted in the field of credit is that of percentage charged off for bad debts. If not universally accepted there seems to have been too much emphasis placed upon that "measurement" and too little on other more pertinent measurements. It is true that other measurements have been taken into consideration such as the credit department's cooperation with the sales and accounting departments, the promptness with which it passes upon applications for credit, the amount of good business lost, the amount of good will lost or preserved or created, the amount of capital tied up in past-due receivables, the number of doubtful and past-due accounts successfully collected, and others. It is recognized that there is no one reliable measure of efficiency and that the determination of degree of efficiency must stem from a number of carefully applied investigations. It is the purpose of this article to draw away some of the great emphasis placed upon the amount charged off for bad debts as a measure and to give greater emphasis to the costs of operation of these departments as a more reliable approach to the problem. To know the costs of various phases of operations within the department is to reveal not only the effectiveness but the efficiency of those operations and policies.

It is not the promptness of collections and low "charge-offs" that reveal efficiency alone. The average number of days of outstanding credit for our establishment may

be under the average for like concerns in our area, but how much has that effectiveness cost us? Our charge-off rate may be less than the average for like establishments in our area, but how was that achieved? Was it achieved by too strict a credit granting policy in the first place, or by a lack of recognition of accounts which should have been charged off some time ago? The charge-off figure does not reveal either. A more revealing figure in connection with both measurements would be the amount we are spending in carrying out our policies of collection. A good turnover of working capital invested in accounts receivable is not sufficient when we discover that we are spending too freely or unwisely to achieve that turnover. Persistent effort in the belief that the resistance of the debtor will be worn down is a costly policy, yet it is widely practiced. When that account is finally paid its collection tends to reduce what the charge-off figure would have been with it. Had the pursuit of that account been more skilful the earnings of the concern would have been higher and the charge-off figure lower.

It is well known that in most establishments selling on the open account there is quite a sizable proportion of those accounts which will go into the category of "within 30 days past due" and yet they will be paid within that past-due period. The process of aging accounts receivable divulges that the number past-due accounts receivable in each age category substantially declines as that category represents a greater period of delinquency. Furthermore, we know that the chances of collecting those accounts become more and more remote as the period of delinquency grows. All of these accounts were first within the "30 day past due" group. That group contains the largest number of past-due accounts at all times. It is in that group that our collection efforts must be most effective and most efficient if we are to capture the profits they contain and to which we are entitled. The net profit margin in that group is, indeed, narrow and subject to quick confiscation if collection efforts are not efficient. Therefore, it is not our principal objective to collect those accounts by every possible means to avoid charging them off. There is a dividing line between protecting a profit and losing it. There is a dividing line between recovering our investment in that sale and losing it. Rarely is it justifiable to spend more than we have invested in an account to recover that investment and thereby avoid a charge-off. Where are those dividing lines? Those can be determined only by a competent and thoroughgoing cost analysis of the various operations (and overhead) of the credit department. They cannot be determined by



## "What Price Prestige"

THE PRICE OF personal prestige comes high. We all know that hard work, progressive thinking, education, devotion to God and country and an exemplary personal conduct are essentials. On the other hand we know that recognition in itself is the basic essential for "group" prestige but to attain this all important recognition a group must constantly contribute meritorious benefits to associated fields and the members of that group must be highly educated specialists. For some time I have felt that management, in general, has failed to give the people of our profession the recognition due their position as credit executives. Where have we failed?

To me this is one of the most baffling enigmas that I have ever encountered. To perform successfully the duties required of a credit manager one must possess an extraordinary variety of knowledge. The cultural attributes, required of retail executives, are also essential. This combination undoubtedly provides the business world with a talented executive whose mental makeup is unusually broad and complex. For some inexplicable reason, though, we are missing the recognition that is rightfully due the credit profession. Wherein lies the answer to this vexing problem? As I see it, we, as professional people, have slowly made strides in the right direction insofar as recognition is concerned, through the consistent efforts of our National Association. The result is that we are now at a point comparable to that which accountants faced some twenty or thirty years ago. Gradually the accountant came into his own. Through college training he became a skilled and respected technician whose ultimate goal was certified public accounting.

If this was possible in the accounting field is it inconceivable to envision a college program which would groom

the assumption that operations are efficient or on the basis of thoughtful reflection.

The first collection effort must be the last if it is at all possible. It must be a telling effort while at the same time preserving good will. No doubt the majority of the chronically slow customers remain with us and represent a fair amount of our earnings if we do not confiscate those earnings by inefficient collection efforts or by losing that business entirely by overzealous methods and policies. The high majority of those "within 30 day past due" accounts pay within that period. Whether, or not, that first effort be by forwarding duplicate invoice, printed notice, form letter or otherwise, it must be most opportune and must cultivate and activate a desire to pay. Certainly there is a proper question in your mind as to what and when that first effort should be. That is your major problem which can be answered only by careful analysis of results and the cost of the efforts which brought those results. Every effort represents a cost. Ascertain those costs by careful analysis and you will discover if the results were worth the expenditure. Additional effort means increasing costs in the face of increasing resistance. Are we approaching the all too common abuse of spending a dollar to recover a dollar? A cost analysis will tell us.

It is a blight on the credit profession to see the many cases where a series of collection letters are fired at a debtor the cost of which not only confiscates all possible

a young man or woman for a title which might be known as "Certified Credit Manager?" Quite naturally such a program could not be instituted over night. It would take time, planning and hard work. The ultimate goal could not be reached for years but in the interim period a reasonably priced correspondence course formulated by and conducted under the auspices of the National Retail Credit Association could feasibly serve as the forerunner of greater things to come. I personally feel that such a course should be built around sales promotion, advertising, salesmanship and merchandising. I suggest these four subjects because they are fields in which all of us should be interested. They are fields we should know more about inasmuch as the success of retail business depends almost entirely upon the consistent application of each. Our profession is correlated to each of the above as they are to it. Supplemental subjects might consist of psychology, commercial law and letter writing.

The satisfactory completion of this course would entitle the enrollee to an attractive certificate attesting to the fact that he had met all the requirements of the "Credit Executive" program. The response to this program should be gratifying. If proved successful, even to a moderate degree, we could feel reasonably assured that our future, as a recognized professional class, would someday be a reality. Our National Association, however cannot possibly insure the success of such a venture without the cooperation of the membership. There is nothing more frustrating or discouraging than the failure to promote "improvements" for a group as a result of collective disinterestedness. Each of us, therefore, owes it to our association to write and voice our approval of such a plan. In so doing the responsible persons will have reason to believe that their efforts, in our behalf, will not be in vain.—John P. Dodd, *Credit Manager*, Universal Furniture House, New Orleans, La. ★★★

profit but, also, absorbs a substantial amount of the working capital invested in it and, no doubt, creates ill will at the same time. We are all familiar with the disgraceful tactics of the second-rate collection agency which continues a barrage of threatening letters to collect a small sum.

In summarizing, it appears that the credit manager might well take stock of the costs of operation of his department policies and procedures for the purpose of discovering if they are truly efficient as well as effective. Many costs are easy to ascertain. Others are not. Many essential procedures may be simplified or made more effective at no greater cost. The credit manager need not consider that the "within 30 day past due" accounts are undesirable. We know that a large percentage of them will always pay. They are not necessarily unprofitable, nor should they be regarded as objectionable to serve. They are in the main unintentional offenders and we shall always have them with us. We can afford to keep most of them, to serve them, and to encourage them to pay more promptly. In that way we stand an excellent chance to preserve the profit which those accounts represent to us—if our efforts to preserve those profits are not only effective but efficient. Try "costing" your credit department operations and you may find that the process reveals weaknesses in policies and unnecessary expenses which can quite readily be turned into profits. *It pays handsome dividends!* ★★★

# CREDIT FLASHES

## For Sale

One Dalton Billing Machine, \$500.00. Write Eric J. Allen, Nassau-Suffolk Lumber & Supply Corp., 6 Sterling Place, Amityville, New York.

## Annual Meeting at Springfield

The 35th annual meeting of the Retail Credit Association, Springfield, Mass., was held May 17, 1950 at Hotel Highland. Joseph T. Spagna, retiring president presided and Colin C. Cathrew introduced the principal speaker, Carroll B. Dick, Works Manager, Westinghouse Electric Corp., and newly elected president of the Springfield Chamber of Commerce. As customary, the 25 living past presidents of the association and two honorary life members were invited to attend as guests of the association. Mr. Spagna was presented with a gavel on which his name, the name of the association and the period of his service as president was inscribed. George B. Allan, Manager-Treasurer, The Credit Bureau, was commended for his 25 years of service as Secretary-Treasurer, and in consideration was unanimously elected an honorary life member of the association.

The following officers and directors were elected at the meeting: President, Marguerite M. Burke, Proctor-Carnig; First Vice President, George Brooks, Forbes & Wallace; Second Vice President, Lee H. Morrill, Union Trust Company of Springfield; and Secretary-Treasurer, George B. Allan, The Credit Bureau. Directors: Colin Cathrew, Springfield National Bank; William F. Cawley, General Ice Cream Corp.; Emil O. Krupke, The Collins Electric Co.; and J. T. Spagna, Springfield Gas Light Co.

In the picture below, front row, from left to right, are: Lee Morrill, Marguerite M. Burke, and Joseph T. Spagna. In the rear row, left to right, are: Charles J. Martin, Manager, Credit Bureau Reports, New York, N. Y., and George B. Allan. Mr. Martin was en route to another meeting in the same hotel and stopped in to say "hello" at the same time a newspaper photographer arrived, which accounts for his inclusion in the picture. He served as secretary and president of the Springfield association in 1923 and 1924 respectively.



## The CREDIT WORLD Now Microfilmed

The National Retail Credit Association has entered into an agreement with University Microfilm, Ann Arbor, Mich., to make available to libraries issues of *The CREDIT WORLD* in microfilm form. One of the most pressing problems facing all types of libraries today is that of providing adequate space for a constant flood of publications. Periodicals are an especially difficult problem because of their bulk and number. Microfilm makes it possible to produce and distribute copies of periodical literature on the basis of the entire volume in a single roll at a cost approximately equal to the cost of binding the same material in a conventional library binding. Under the plan, the library keeps the printed issues unbound and circulates them in that form for the period of greatest use. When they begin to wear out or are not called for frequently, they are disposed of and the microfilm is substituted.

## Directors at Large

The following directors at large were elected at the Annual Conference of the Association held at Cincinnati, Ohio, June 12-15, 1950: Philip Gleason, Abercrombie & Fitch, New York, N. Y.; F. H. Chrisman, Rothchild's, Kansas City, Mo.; Mason M. Jones, The Bank of California, Portland, Ore.; and Joseph H. Bergeron, Rubenstein Brothers, New Orleans, La.

## Credit Education in Omaha

The Associated Retail Credit Grantors of Omaha, Omaha, Neb., under the direction of Norbert G. Bausch, President, recently prepared a four-page folder pertaining to paying bills promptly. They were included by all merchants simultaneously with statements to all accounts. As they were produced in a large quantity the cost per thousand was only \$10.00. The proceeds of the sale of these booklets will be used by the Association for a series of pay-promptly newspaper ads.

## New Offices for Canadian Associations

Carl B. Flemington, President, Associated Credit Bureaus of Canada, Toronto, Ontario, Canada, announces the opening of new offices at 77 York Street, Toronto. The offices will also serve as the headquarters of the Credit Granters' Association of Canada under the direction of Arthur Bullied, field representative and Secretary-Treasurer of both organizations. Messrs. Flemington and Bullied attended our annual Conference in Cincinnati last month along with 33 other delegates from Canada.

## Help Wanted

Credit Executive. Excellent opportunity for man 30, experienced, to supervise installation of and build new Credit Department for Mid-Western chain of women's specialty stores. Experience in central office control of branch store operation and PBA's necessary. Salary open. Give all details in application. Box 7505, *The CREDIT WORLD*.



## Attention Please

As directory service has been discontinued by the Post Office Department, we urge all of our members to exercise extreme caution in addressing mail to the National Office. Recently one of our members addressed a letter to us at 1218 Olive Street, St. Louis, Missouri, only one block away. We moved from that address over eight years ago. Since the letter was not given the usual directory service it was returned, causing considerable delay. So, in order to reduce delays to a minimum, all letters for the National Office should be addressed:

National Retail Credit Association  
218 Shell Building  
1221 Locust Street  
St. Louis 3, Missouri

### Consumer Credit Clinic at Seattle

A Consumer Credit Clinic was recently completed in Seattle, Wash., sponsored by the Retail Credit Association of Seattle and the Seattle Credit Women's Breakfast Clubs. The four-session course featured noted speakers in the fields of management, economics, public relations and law. The Clinic was held at the Chamber of Commerce Auditorium and the enrollment fee was \$5.00. A discussion period followed each panel.

### Credit School in Sault Ste. Marie, Michigan

The photograph below was taken on examination evening of the credit class in Retail Credit Fundamentals at the Sault branch of the Michigan College of Mining and Technology, Sault Ste. Marie, Michigan. The man on the extreme left is Harry L. Crawford, Registrar of the college and on the extreme right is Professor Chester Rulless, Resident Director of the college. D. W. Prohazka, Manager, The Sault Credit Bureau, Sault Ste. Marie, Michigan, is in the front row on the right. The man second from the left is John Branch, Sault Ste. Marie, Ontario, Canada, which makes it an international class. He came to Canada about six months ago from England. About 28 took the examination although there were 36 who finished the course.



## Positions Wanted

Credit Manager, age 40. Present position, Credit Bureau Manager. Thoroughly experienced in credits and collections. Box 7501, The CREDIT WORLD.

Aggressive, young Canadian, well educated, just completed 18 years in credit and collections. Specialty, credit sales promotion work. Home, Ottawa, Canada. Prepared to accept position anywhere in United States. Former president of local credit associations. Accomplished lecturer and writer on credit. Now credit sales manager of department store doing three million. Salary required, \$8,000. Able to administer credit department and handle accounts receivable. Can install cycle billing with Sunstrand and Craig equipment. Able to manage office, handle retail charge accounts, budget, instalment credit and P.B.A. Box 7502, The CREDIT WORLD.

Retail Credit Executive. 23 years as credit executive in department store field. Has wide knowledge of all phases of department store operations in general, office administration, accounts receivable, personnel, customer relations, collections, etc. Well qualified for top flight position of responsibility. Highest credentials. Box 7504, The CREDIT WORLD.

## Wanted to Buy

Credit Bureau and collection department or collection department of credit bureau in Louisiana, East Texas, Arkansas, Mississippi or Alabama. Box 7503, The CREDIT WORLD.

### New Home for Tulsa Merchants

The Retail Merchants Association, Tulsa, Okla., has completed plans for the immediate erection of a one-story fireproof, air conditioned building at an estimated cost of \$100,000. The new building will serve as a permanent home for the association offices, the Credit Bureau of Tulsa, Tulsa Retail Trade Board, Tulsa Retail Credit Association, and the W. D. Wooley law offices operating the adjustment department. The Retail Credit Association was organized in February, 1919 and has met regularly ever since. Announcement of the building plans were made by J. C. Rayson, Secretary-Manager of the association who stated that the proposed building is expected to be adequate for the next 20 years.

## LEONARD BERRY

**T**HE CREDIT DEPARTMENT correspondent's letter writing skill is severely tested when the necessity occurs to write a convincing letter declining a credit application. No more difficult correspondence assignment could be given. There is a sharp contrast between this letter and the one which welcomes a new credit customer. The latter is positive and tells the customer something she wants to hear. The declination letter bears dire news, and is a blow to pride.

Not only does the letter convey sad facts, but unless unusually well-written the inevitable effect is to arouse antagonism and resentment. Of course, there is no difficulty in just saying "no" bluntly. The challenge arises because we simply cannot afford to jeopardize good will in that manner. A letter is required that declines credit, and at the same time salvages as much customer friendship as possible. Surely this demands much skill and thoughtful preparation.

Perhaps it is because the declination letter is so complicated in its conflicting purposes that many credit managers maintain that the perfect one has never been written and probably never will be. Accordingly they avoid the thorny situation and seldom write an outright declination letter. Instead they ask for a further interview or call the applicant on the phone and suggest a convenient personal visit to the credit office. In defense of this procedure, these credit managers point out that the definitely poor credit risk well knows that a declination is inevitable, and does not bother to come in. Thus "face" is saved and a trying interview averted.

Another reason to support the wisdom of this method of handling an unacceptable credit application is that the poor risk of today might very well be a good one tomorrow. Life brings about startling changes in the capital and capacity parts of the credit equation. It is not uncommon for a person to experience a period of floundering in a financial quagmire and then, by determination and courage, with an assist from good fortune, make a recovery and get back on firm ground. A cold and final refusal delivered when a person is "down" might result in a lasting animosity and loss of future business. When the door is left open even ever so slightly, instead of being slammed tight, there is always the possibility of a further request for credit made at a time when a happier reception would be assured.

There is still another reason for the sparing use of the outright declination letter. Often a prior credit report will, after close analysis and further explanation, yield the possibility for the extension of some form of limited and controlled credit accommodations, perhaps not exactly what the customer originally had in mind, but acceptable nevertheless. Most credit managers agree that credit reports should be interpreted not only with keenness but also with intelligence and humanity. Credit sales managers will ponder carefully before declining an application and explore all the possibilities of saying "yes" before saying "no." Optimistic analysis of seemingly discouraging facts often pays good dividends.

However, after all has been said about the advisability of writing the declination letter as infrequently as possible, the fact remains that such a letter must sometimes be written and hence should be in the repertory of the credit correspondent.

The letter must lead the reader along a twisting road of conflicting reactions. First, the customer is entitled to courtesy, proper thanks must be made for the credit application. Second, the fact that you are declining the application has to be made clear. Sometimes, correspondents tiptoe so gingerly around this part of the letter, that the reader is unsure of what precisely is being said. Third, that previously referred to "door" should be left ajar. Finally, let us salvage *something* out of the wreckage by making a determined bid for cash business. All through, the letter needs to be impregnated with graciousness and encouragement.

(a) Thank the customers for making the application.

(b) Courteously, concisely and clearly explain why the account cannot be opened at this time.

(c) Hold out the hope that at sometime in the future changed circumstances will merit a reconsideration.

(d) Make an effort to get cash business.

(e) Close cordially with a pat on the back.

Declining credit letters are so few that perhaps they warrant personalizing by being individually typed. If such is not practicable then certainly the fill-in and the whole of the letter should be carefully accomplished. Not the least important part of a credit executive's job is to improve public relations, and care and skill in handling this trying and awkward task of declining credit is most essential.

**This Month's Illustrations** ➡

**Illustration No. 1.** This letter of declination used by George E. Peterson, Credit Manager, The White House, San Francisco, California, is a friendly letter in which real regret is expressed at not being able to grant the request for credit, and offering other store services.

**Illustration No. 2.** Clarence E. Wolfinger, Credit Manager, Lit Brothers, Philadelphia, Pennsylvania, has a particularly strong first paragraph which goes far in softening the blow of credit refusal. Here is an illustration of the method of leaving an opening for further consideration of the credit application, should more favorable factors appear.

**Illustration No. 3.** Note particularly the third paragraph in this decline letter. H. D. Jarvis, Credit Manager, Burdine's, Miami, Florida, gives the customer considerable encouragement to renew the application at a later date. Also the thought is expressed that credit is a convenience, not a necessity, and that shopping can be pleasant in Burdine's even though credit momentarily is not possible.

**Illustration No. 4.** Porter's, New Orleans, Louisiana, attain an agreeable, friendly note in this letter of declination. Note the second paragraph in which the thought is implied that perhaps at some later time the application will be more favorably received.

# THE WHITE HOUSE

RAPHAEL WEILL & COMPANY  
SAN FRANCISCO 9

June 20, 1950

①

Miss Jane Smith  
416 Jones St.  
San Francisco, Calif.

Dear Miss Smith:

In reference to your application for a charge account, we wish to inform you that much to our regret we do not see our way clear to comply with your request at the present time.

We shall be very happy however, to extend to you the facilities and conveniences of this establishment in the way of store service, which are at your disposal at all times, and which we trust you will frequently have occasion to use.

Thanking you for the inquiry made, and assuring you of our appreciation of your kind interest, we are

Very truly yours,

RAPHAEL WEILL & COMPANY

*Clarence E. Weill*  
Credit Manager

Member of Retailers  
Credit Association

# LIT BROTHERS

MARKET - EIGHTH - MARKET - SEVENTH  
PHILADELPHIA 3, PENNA.



June 20, 1950

②

Mrs. Harry Smith  
2515 Vine Street  
Philadelphia 30, Penna.

Dear Mrs. Smith:

Thank you for your application for a charge account. The confidence you have in our merchandise and service is appreciated.

All of our applications are cleared through established credit checking agencies. When your application was received we were unable to obtain sufficient information to meet our immediate requirements.

We do not find it possible, therefore, to extend the convenience of an account at this time. Should you care to stop in and see us, a further discussion may be helpful.

In the meantime, we hope you will continue to take advantage of our unusually attractive merchandise.

Cordially yours,  
*Clarence E. Weill*  
Clarence E. Weill  
Credit Manager

1/20

*A Great Store in a Great City*



June 20, 1950

③

Mr. John Doe  
1625 Brickell Avenue  
Miami 36, Florida

Dear Mr. Doe:

Your application for a charge account, showing your interest in our stores has been carefully considered, and we sincerely thank you for your request.

Although there is nothing adverse in the information secured through recognized mercantile credit sources, it is not sufficient to meet our regular requirements for opening charge accounts. We, therefore, regretfully decline your request at this time.

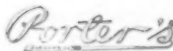
Should you have additional facts which would be of value in further considering your request, we shall welcome the opportunity of discussing the matter with you personally at your convenience. If you do not find it convenient to visit us at this time, a letter would be appreciated. Or, perhaps at a later date when conditions are changed, you will give us the opportunity of reviewing your request.

Please feel that we are always pleased to serve you and, since credit is a convenience and not a necessity, we hope you will still enjoy other facilities of our stores.

Cordially yours,

*H. D. Jarvis*  
H. D. Jarvis, Manager  
Credit Department

END



NEW ORLEANS

④

Mr. John E. Morgan  
229 West Carondelet St.,  
New Orleans, La.

Dear Mr. Morgan:

Your application for a charge account with us is appreciated, and we have given it our careful consideration.

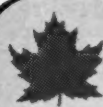
In all requests for credit we try to secure such information as will justify this accommodation. However, on your application the report we have received does not meet our requirements. So for the present we are not in a position to comply with your request.

We shall be glad to send C.O.D. the merchandise you selected if you will notify us that this arrangement is satisfactory.

As we extend credit for convenience and not as a necessity, we hope you will continue your cash purchases with us. We are always happy to serve you.

Sincerely,

PORTER'S, INC.



# Granting Credit in Canada



C. B. FLEMINGTON . . Canadian Correspondent

## Recent Trends in Retail Credit

CARL B. FLEMINGTON, *President, Associated Credit Bureaus of Canada*

THE "economic extravaganza" enjoyed by retailers during the war years and those immediately following, is now terminated and people are seeking quality and value in merchandise. Individuals are becoming more and more credit conscious and retailers are highly cognizant of the part retail credit must play in the future, if sales volume is to be maintained.

Those engaged in the extension of retail or consumer credit are facing problems today which were practically non-existent during the war years. Government control of consumer credit then necessitated large down payments with comparatively short terms of contract. The tendency was to create a substantial customer equity, thus either ensuring satisfactory performance in completing the contract, or providing for repossession by the seller with little or no loss. The restrictions on charge account credit also resulted in a minimum of bad debt losses and collection expense.

Since the withdrawal of regulations, competition in down payments and terms is fast assuming its prewar status. The intensity of this will increase as competition becomes keener and the supply of goods again exceeds the demand.

Wages of a very high percentage of the people in the lower income brackets, who form the bulk of those purchasing through instalments, have not increased in proportion to the rise in the cost of living. Accordingly their need is for smaller down payments, longer terms and a greater use of this type of credit. During the past few years, this has resulted in a substantial increase in the volume of both instalment sales and personal loans.

It is interesting to note that retail credit sales, both charge and instalment, today represent approximately forty-five percent of total retail sales. Some firms dealing with instalment credit only report ratios as high as sixty percent credit sales to total volume, and there would appear to be no indication that credit buying has reached its peak.

There is no limit to the type of merchandise which can be procured on an instalment basis and budget account customers may now enjoy limited charge account privileges through what is known as "revolving credit". By this method the credit department authorizes a definite account limit, determined by the amount of monthly payment which the customer agrees to make, and credit is then usually extended over a six-month period. For example, if the monthly payment agreed upon is \$15.00, the account limit would be \$90.00. The customer is then permitted to purchase merchandise up to this limit,

charging the amount of such purchases to his instalment account. So long as the total amount outstanding does not exceed the limit previously set, the customer is entitled to make new credit purchases. This device bridges the gap between charge and deferred payment accounts.

Consumer credit is by no means limited to items of a durable nature, but includes all types of "soft goods", although credit terms offered on this type of merchandise are usually such that a larger down payment is required and the repayment period is much shorter.

The growth in the ratio of credit sales to total sales does not necessarily mean that a more liberal policy has been adopted relative to down payment and terms, but can be accounted for by ever increasing acceptance of credit practices by the stores in general and through added credit facilities offered to their customers.

While no definite figures are available on the expansion of consumer credit in Canada, it is believed that it has been along the same lines as in the United States, on a per capita basis. In that country postwar credit expansion has been very rapid. In June, 1944, the total outstanding was estimated at \$5,168 million. In the same month of 1945, it had increased to \$5,697 million, in 1946 to \$7,762 million, in 1947 to \$10,992 million, in 1948 to \$14,132 million and in November, 1949, to \$17,823. The last figure represented approximately \$120 for every man, woman or child in the country. About 60% of the total consisted of instalment credit.

It will be readily agreed that retail credit is to remain a potent factor in our economy. It provides for a lower cost to the consumer through the ability to buy the products of mass production on a time basis. It raises the standard of living of the masses by placing within reach of those in the lower income brackets "The Good Things of Life on Credit".

The expansion of consumer credit for both goods or money thus has many desirable features, but if carried to an extreme, may have a detrimental effect on our entire economy. Credit expansion has a tendency to heighten booms and to delay recovery from depressions.

### Consumer Credit Expanding

While consumer credit is in process of expansion, business has gained an impetus to the extent of total obligations incurred; yet this in no way enables people to buy more for cash. In fact it reflects adversely when the additional charges for the accommodation are taken into consideration. Credit expansion also involves a reduction of future purchasing power, as in the majority of cases, those who buy on the instalment plan must curtail their current purchases to the extent of the reductions being made in their obligations. A purchase amounting to \$300.00 made today and requiring repayment at the rate



of \$25.00 per month, means that in the vast majority of cases purchasing power will be curtailed by this amount during the twelve-month term of the contract.

On the other hand, if the purchase has been wisely made, it reacts to the customer's advantage. A system of enforced savings has been imposed and some tangible return has been evidenced for his money, which in all probability would otherwise have been diverted to less useful purposes.

New instalment buyers are of course continually entering the market and as past debts are retired, future commitments are being made. A saturation point must eventually be reached but it is rather difficult to determine its nature or extent. The main factor in bringing about this saturation point will be a lack of confidence on the part of both consumer and grantor as to security and future earning capacity. This tends to curtail buying, and to create surpluses which in turn necessitate reduction in staffs and wages. This condition would, of course, have been brought about sooner or later in any case but the height of the boom has been increased to a greater extent than otherwise.

After the peak has been passed and a contraction takes place, the retirement of an accumulation of debts at a lower wage level advances the time when the upswing might be expected. The upswing will not occur again until surplus stocks are cleared. Then the replacement of inventories is necessary; the demand for goods increases; employment conditions improve; and confidence is restored. The necessity to retire obligations, especially at a lower wage level, reduces the purchasing power of those with commitments and lengthens the period before demand will again exceed supply.

It is clear that consumer credit will play an increasingly important part in our way of life. Its extension, as the word implies, is based on confidence in mankind. We must not, however, confine this to faith alone, but ways and means whereby efficient operation is applied must be fostered.

Consumer credit is making a real contribution toward maintaining a high standard of living in Canada, but it would be fallacy to claim that it is void of all factors which are undesirable. If it is to make its maximum contribution, it must benefit all concerned. This type of credit has a very vital part to play in our economy, and if both grantor and grantee endeavour to keep commitments within reasonable bounds of capacity, the benefits derived thereby will far outweigh any detrimental factors.

#### **Buyer Must Not Be Oversold**

The buyer, in order to promote sound credit, must not be oversold. In the vast majority of cases, over-selling is really over-buying, as the credit would not have been granted if full disclosure had been made by the applicant of his earning capacity and commitments. The seller has a responsibility to himself and also to the customer to refuse credit sales to those unable or unwilling to pay. This duty is not fulfilled unless he resorts to all reasonable sources of information on the customer's circumstances.

Sources of credit information in Canada have shown marked improvement in the last two decades.

The first known credit reporting service was that founded by Sheldon Church, a New York businessman, who had as his clients a number of local merchants. In 1841, Lewis Tappan organized the first country-wide

service which later developed into the R. G. Dun & Co. In 1849, John M. Bradstreet, a Cincinnati merchant, inaugurated the agency which bore his name. Both organizations continued operations, serving their respective clients with distinction until, in 1933, their parallel roads met in amalgamation.

These agencies played a very important part in the development and expansion of credit in Canada, a tradition which is being efficiently upheld through the present operations of Dun & Bradstreet, Ltd.

In the development of retail credit in Canada, another firm of international repute has rendered excellent service, the Retail Credit Co., Atlanta, Georgia. Its Canadian interests are far reaching, and although pioneering in the field of insurance reporting, it is also contributing to the important work of sound credit granting along general lines.

#### **Clearing House For Trade Information**

It might be mentioned here that in the field of commercial credit, the Canadian Credit Men's Trust Association Ltd., with head office in Toronto and branches from coast to coast, has been serving wholesalers and manufacturers since 1910. They maintain a Clearing House for Trade Information, conduct regular discussion groups in various trade classifications and operate both estates and collection departments.

The soundness of the Canadian credit structure is in no small way due to the untiring efforts of credit reporting services.

The rapid growth of what is now known as retail or consumer credit aroused a definite need for some type of "Cooperation for Credit Protection," which has resulted in the formation on this continent of what are known as credit bureaus, which are in the main merchant owned and controlled.

The need was first recognized in England in 1803, when the Mutual Communications Society of England was formed. This is reported to be the oldest credit organization in the world and is still in operation, having completed nearly a century and a half of continuous service. It was not until 1869 that a similar bureau was formed in Brooklyn, New York, followed by one in New York City in 1872 and one in Baltimore, Maryland, in 1882. These formed the vanguard of approximately fifty other bureaus which were organized prior to the year 1900. From then on the idea grew rapidly, with the result that there are now over sixteen hundred credit bureaus in Canada and the United States operating successfully in the interests of those selling goods or services to the consumer.

In the earlier days, most of these agencies were privately owned and independent in operation, with no definite medium of cooperation amongst themselves. The need for concerted action was felt, however, and in 1906 a number of these offices became affiliated through the formation of the "National Association of Mercantile Agencies." In 1912 another group, known as the "Retail Credit Men's National Association," came into being. The year 1921 witnessed the amalgamation of these two fraternities into what is known as the "National Retail Credit Association", which is still the parent body of all consumer credit activities in the United States. The majority of Canadian bureaus are also numbered among its members, for purposes of inter-bureau reporting.

The formation of the credit bureaus in Canada, chiefly in the larger centres, followed the pattern of those in the United States. In 1927, those in operation in Eastern Canada were unified in thought and action through the inception of the "Associated Credit Bureaus of Ontario and Quebec". With the idea of increasing its scope, its name was changed to the "Associated Credit Bureaus of Canada" in 1937, and incorporation was effected under a Dominion charter as a non-profit organization. The value of an association of this description is mainly the medium which it affords for rendering a country-wide service to its members, who require credit coverage on a national basis.

#### **Operation of Credit Bureau Offices**

The operation of credit bureau offices at the present time appears to be divided fairly evenly between merchant ownership-control and private enterprise. This presents a definite contrast to the situation existing a decade ago when the greater percentage of credit bureaus was sponsored by some form of merchant trade organization.

This development is no doubt due to the fact that during the war years government control of consumer credit was such that the use of credit bureaus was curtailed very greatly. As a result, in many of the smaller bureau centres, merchant contributions were sufficiently retarded that individual ownership was established.

It is, however, highly complimentary to the type of individual ownership existing that merchant cooperation and confidence is extended to such a degree. Cooperation is the keystone of credit interchange and its success depends upon the application of this factor.

During the five years subsequent to the formation of the Canadian Association, a number of bureaus in the Canadian West were admitted to membership, followed closely by several in the Maritime Provinces, so that the organization now includes 74 member bureaus from Halifax to Victoria—a chain of service from sea to sea.

The fundamental cooperative principle on which all bureaus are based is the pooling of ledger information by the various members, concerning the manner in which customers take care of their obligations. This can only be made available by the credit granters listing the identity of their customers with the bureau. Upon receipt of an inquiry, all interested members may then be contacted by telephone or teletypewriter and the status of the account at date ascertained.

In addition to this, other data which might prove of value in considering an application for credit are included in the master file. Details as to employment, whether owner or tenant, notices of non-responsibility, police court items, together with newspaper clippings, etc., all form an integral part of the completed report.

The Trade Record or File Information, denoting the previous paying habits of an individual over a period of

years, is generally provided verbally. Although this might be termed the essence of credit bureau reporting, it is only one of the many types of reports furnished by the bureaus.

The "Standard" written report, in addition to trade details, also covers such matters as employment, marital status, degree of residence stability, character, general reputation and estimate of financial worth. "Short Form" written reports provide similar details in abbreviated form. In addition to these, reports of a more specific nature include Personnel, Automobile Finance, Mortgage, Previous Residence, Commercial, and Insurance Reports.

Practically all member bureaus provide auxiliary services to general reporting, such as publication of a monthly service bulletin, collection of past due accounts, location of missing persons, conducting of discussion groups for members in specific classifications, and forwarding of automatic signal service respecting derogatory items, cautionary notices, and the like.

Throughout the bureaus the utmost in uniformity of operation is maintained so that it is possible to provide service on a national basis to those bureau members selling from coast to coast.

The activities of the Associated Credit Bureaus of Canada are directed toward educating retail staffs in the procedure of sound credit granting. Much active support is extended to the Canadian Credit Institute which sponsors degree courses in credit work through the medium of university extension courses. This tends to raise the standards of consumer credit reporting in all phases of relationship between merchant and customer.

Through what is known as the Credit Granters' Association of Canada, a programme is carried on which tends to create a keener interest on the part of credit department personnel in the performance of their duties, and to improve the standards of the credit granting profession.

The chief aims of the Credit Granters' Association of Canada are to:

- (a) create fraternal feeling among its members, and all persons engaged or interested in retail credit granting;
- (b) unite fraternally, for mutual benefit, protection and improvement of credit granting and credit granting conditions, all those engaged in credit granting;
- (c) collect and distribute information of an educational nature among its members;
- (d) hold periodical conferences where the members may meet, receive instructions, and exchange views and experiences regarding credit granting;
- (e) collect, correlate, and disseminate statistical data dealing with consumer credit, in order to

#### **Ever Loaned Your "Credit World"?**

WE'LL WAGER you've often said: "You **must** read this article in *The Credit World* . . . here, take my copy!" That's why we thought you'd like for us to send a free copy of a recent issue to friends of yours who have not really "discovered" how stimulating *The Credit World* can be.

We will be glad to send a copy to as many as five of your friends if you will send us their names and addresses. There is no cost to you or your friends, however, if they indicate to us that they want to receive it regularly, their membership will be solicited. Address, National Retail Credit Association, 218 Shell Building, St. Louis 3, Missouri.



assist its members and others engaged in consumer credit extension better to understand and apply the principles upon which such credit extension is based.

These aims are being actively supported through the medium of regular meetings held under the auspices of the local chapters. Speakers well qualified to deal with some specific phase of credit and collection procedure are engaged, or the meeting may take the form of an open forum through which frank discussion of mutual problems is made possible. Lecture courses covering subjects relative to consumer credit granting also form part of a well organized programme.

In addition to the part played by women both in the activities of credit bureau operation and in the Credit Granters' Association of Canada, an outstanding contribution has been made through the Credit Women's Breakfast Clubs of North America. This is a recognized affiliate of both the National Retail Credit Association in the United States and of the Associated Credit Bureaus of Canada.

Local units are operating in many credit bureau centres throughout Canada and, as the name would imply, their meetings are invariably held at the breakfast hour. The functions of these clubs might be termed supplementary to those of the Credit Granters' Association, and the chief objective is education to increase the efficiency of their members, and thus enhance their potential value to the firms they represent. Through the meetings, the value of cooperation is recognized, and an opportunity is provided for close association with others experiencing similar problems in the credit field.

The contribution of the Women's Clubs for charitable purposes and welfare work is substantial, monies for this purpose being raised through special projects.

The growth of these clubs and the support they have received from firms engaged in the extension of consumer credit are sufficient evidence of their importance and value.

The need for continued cooperation is becoming more and more apparent as the growth of retail credit is accelerated. Merchants who previously felt competent to conduct their own individual credit investigations have learned that, no matter how thoroughly they check the given references, they present only part of the necessary information. They must pool their respective credit experience for the benefit of one another. Cooperation is essential, if the maximum of sales volume is to be obtained with a minimum degree of risk.

Prompt and regular turnover of inventory will to a large extent be governed by the credit and collection policy adopted.

A sufficient customer equity should exist in all credit purchases and care should be taken at all times to guard against selling in excess of the customer's paying ability.

Public acceptance of the convenience and aid of credit has paved the way for considerable credit-sales expansion. In earlier years the credit customer was somewhat averse to publicizing his use of credit terms, but this feeling is now non-existent. The customer now rightfully places a high value on his ability to obtain credit privileges, which has been brought about through his own personal cooperation and care of previous obligations. *A good credit record constitutes a most valuable asset.* ★★★

## "Living With Ourselves"

(Beginning on page 4.)

These are all uncomfortable facts that you and I have to live with the year round; what is more we must find the solution for them in our own consciousness and consciences first, then, and not until then dare we point the finger of criticism or condemnation at our neighbor across the street or across the ocean. When we shall have arrived at that stage of development we will have learned something about what Mercy means.

One of the sterling citizens of this Queen City of the West has done a fine job of living with himself. Even his enemies admit his intellectual probity, his sincerity and devotion to the cause of trying to accomplish the greatest good for the greatest number of persons. It is particularly trying to be constantly standing up for what appears to be nearest to the right in human affairs when the trend seems to be in the opposite direction. I take this occasion to pay tribute to the Hon. Robert A. Taft, of Cincinnati, Ohio.

Usually a speaker sums up his salient points at this stage of his talk, but I am going to call on Sir Rudyard Kipling to do that in his immortal "Recessional." At the end I am going to make one change which I am sure he would not object to, for I think that is what he had in mind.

### RECESSIONAL

God of our fathers, known of old—  
Lord of our far flung battle line,  
Beneath whose awful hand we hold  
Dominion over palm and pine.

Lord God of Hosts, be with us yet,  
Lest we forget, lest we forget.

The tumult and the shouting dies,  
The captains and the kings depart,  
Still stands thine ancient sacrifice  
An humble and a contrite heart,  
Lord God of Hosts, be with us yet,  
Lest we forget, lest we forget.

Far called our navies melt away,  
On dune and headland sinks the fire,  
Lo, all the pomp of yesterday  
Is one with Nineveh and Tyre!  
Judge of the nations, spare us yet,  
Lest we forget, lest we forget!

If drunk with sight of power we loose  
Wild tongues that have not Thee in awe,  
Such boasting as the Gentiles use,  
Or lesser breeds without the law,  
Lord God of Hosts, be with us yet,  
Lest we forget, lest we forget!

For heathen heart that puts her trust  
In reeking tube and iron shard,  
All valiant dust that builds on dust,  
And Guarding calls not Thee to guard,  
For frantic boast and foolish word,  
Thy mercy is upon us yet  
Lest we forget, lest we forget.

# Collection Scoreboard

Compiled by the Research Division

May, 1950

May, 1949

CITIES	DEPARTMENT STORES (Open Accounts)						DEPARTMENT STORES (Installment Accounts)						WOMEN'S SPECIALTY STORES						MEN'S CLOTHING STORES						
	1950			1949			1950			1949			1950			1949			1950			1949			
	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO	
Atlanta, Ga.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Baltimore, Md.	48.4	53.5	38.3	48.0	50.8	44.9	18.5	24.9	43.7	21.8	26.4	18.5	43.5	50.0	34.2	47.7	50.1	48.4	41.5	43.8	39.2	43.1	46.2	40.0	
Birmingham, Ala.	49.9	57.9	43.0	50.5	60.6	42.5	19.6	27.9	15.0	25.9	31.9	21.0	64.8	72.8	51.0	42.9	47.8	35.0	49.9	52.9	46.0	54.2	55.6	53.0	
Boston, Mass.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Cedar Rapids, Ia.	60.0	62.9	57.0	62.6	64.6	60.7	17.7	18.0	17.3	25.0	29.9	20.1	—	84.7	—	—	85.0	—	68.0	70.5	65.5	72.2	73.7	70.6	
Cincinnati, Ohio	57.5	63.8	52.7	57.5	63.3	50.4	16.8	29.3	10.1	19.7	28.2	14.4	59.7	61.2	58.3	61.9	67.0	56.8	52.4	58.8	45.9	53.7	59.0	48.4	
Cleveland, Ohio	52.2	56.7	43.7	52.5	56.5	49.9	22.6	25.1	17.4	26.8	29.8	22.9	40.2	55.2	24.4	40.6	51.6	24.5	72.1	96.7	47.5	66.6	89.8	43.5	
Columbus, Ohio	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Davenport, Ia.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Denver, Colo.	49.2	58.4	43.4	47.2	60.6	44.6	17.4	18.0	12.2	22.0	23.5	20.2	49.4	54.9	43.5	48.9	50.5	47.2	—	—	—	—	—	—	
Des Moines, Ia.	—	—	—	50.4	52.2	48.5	—	—	—	—	—	—	62.1	69.7	54.6	63.8	69.9	67.8	54.6	57.9	51.3	52.8	56.2	49.2	
Detroit, Mich.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Grand Rapids, Mich.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Kansas City, Mo.	55.2	62.9	45.4	58.5	63.6	53.4	18.4	20.2	16.7	24.7	28.8	20.7	59.1	68.2	51.6	61.2	74.6	52.9	55.1	56.8	53.4	56.4	60.0	52.9	
Little Rock, Ark.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Los Angeles, Calif.	—	—	—	50.7	63.9	48.8	—	—	—	—	19.2	22.0	16.1	—	—	—	55.8	63.1	48.6	—	—	—	56.6	69.9	47.7
Louisville, Ky.	50.4	53.6	47.2	47.8	48.4	47.2	15.5	18.5	12.4	19.5	22.1	15.1	44.1	48.5	37.0	43.9	49.8	37.0	50.4	57.8	43.1	50.9	61.1	45.6	
Lynn, Mass.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Milwaukee, Wis.	56.4	59.6	48.2	62.0	64.2	50.6	26.7	17.6	15.8	22.8	23.9	21.7	57.5	62.6	46.4	58.5	58.8	45.1	56.1	64.2	41.5	60.5	88.4	44.0	
Minneapolis, Minn.	59.9	63.3	57.1	60.1	66.7	49.9	19.9	21.9	17.6	25.0	27.0	22.5	67.6	74.1	61.2	66.1	70.0	62.2	61.4	76.4	50.2	57.6	69.1	47.4	
New Orleans, La.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
New York, N. Y.	50.5	59.7	41.8	50.9	62.8	42.4	19.3	26.1	14.0	21.9	25.8	17.5	47.1	55.1	46.0	46.7	54.3	43.9	57.0	59.2	54.9	54.8	59.2	50.4	
Oakland, Calif.	59.4	64.3	52.7	57.4	60.2	48.3	19.4	31.0	14.3	21.6	26.0	19.3	58.2	59.5	56.9	57.3	60.1	54.4	49.0	64.0	34.0	48.0	58.0	36.0	
Omaha, Neb.	—	55.0	—	—	54.1	—	—	18.6	—	—	24.3	—	—	48.2	—	—	—	46.8	—	—	63.6	—	60.5	—	
Pittsburgh, Pa.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Providence, R. I.	50.5	57.0	47.8	50.0	57.0	46.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
St. Louis, Mo.	58.3	60.8	55.3	56.6	63.0	51.1	17.7	20.3	15.0	25.1	27.0	21.4	26.9	56.1	38.9	47.5	55.4	44.5	51.3	56.5	47.9	52.4	56.7	48.7	
Salt Lake City, Utah	60.3	61.6	56.3	62.6	63.4	61.4	18.8	23.1	16.3	28.3	29.5	26.4	—	—	—	—	48.2	50.2	46.2	54.3	55.0	53.7	—	—	
San Francisco, Calif.	55.7	64.0	39.1	53.1	64.0	39.2	20.4	21.8	17.6	28.2	31.4	23.9	45.6	48.5	40.5	42.8	45.7	37.2	49.2	51.9	46.2	50.4	54.1	47.0	
Santa Barbara, Calif.	63.4	71.8	56.2	62.3	69.4	54.2	—	—	—	—	—	—	61.6	63.5	58.3	56.5	60.7	50.2	63.8	74.0	50.2	60.8	64.7	56.7	
Sioux City, Ia.	—	59.1	—	60.8	61.1	60.5	—	11.6	—	32.3	37.7	27.0	54.5	59.0	50.0	53.0	61.0	45.0	—	69.6	—	63.2	68.4	58.0	
Spokane, Wash.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Springfield, Mass.	63.5	67.4	59.5	61.6	66.5	56.7	24.0	25.9	22.1	22.7	25.0	20.4	—	70.8	—	—	66.8	—	—	51.7	—	52.8	—	—	
Toledo, Ohio	54.6	56.5	47.4	53.7	59.0	44.6	18.0	21.5	16.3	21.9	28.0	16.0	50.0	60.4	58.9	53.9	60.7	49.5	43.8	48.0	39.7	44.1	49.4	38.8	
Tulsa, Okla.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Washington, D. C.	49.2	55.8	46.9	48.8	53.3	45.6	18.5	23.4	15.6	20.1	22.5	17.2	—	—	—	—	—	—	—	—	—	—	—	—	
Worcester, Mass.	54.8	57.2	52.4	53.1	56.3	50.0	25.9	26.0	25.8	33.0	35.3	30.8	51.5	59.2	50.0	50.0	53.7	44.4	—	—	—	—	—	—	
Youngstown, Ohio	—	41.0	—	56.3	66.5	46.2	—	16.4	—	31.0	40.0	22.0	—	42.0	—	—	—	—	—	—	—	63.1	66.5	59.8	
Ottawa, Ont.	50.2	57.1	49.8	49.9	50.6	47.5	22.9	31.7	16.1	21.6	37.8	15.6	—	—	—	—	—	—	—	—	—	—	—	—	
Vancouver, B. C.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Victoria, B. C.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	

INSTALLMENT ACCOUNTS outstanding at department stores increased slightly in April and at the month-end were 39 per cent above those on the corresponding date of 1949. Collections on installment accounts were 10 per cent below those in March and, when related to first-of-month accounts receivable, yielded a ratio of 17 per cent, 2 points less than for the preceding month. At the prevailing rate of repayment, installment accounts outstanding in April would be liquidated in about ten and one-half months, nearly three months longer than the average in the corresponding month of 1949. Charge accounts receivable at the end of April were 3 per cent above those on March 31, but continued near the level of the preceding year. Collections on charge

accounts were 9 per cent smaller than in March and in about the same volume as in April 1949. The collection ratio for the month this year amounted to 50 per cent as compared with 53 per cent for both the preceding month and for the corresponding month of last year. Indebtedness of this type in April was being collected, on the average, in approximately 60 days. The volume of installment sales declined 6 per cent in April. This decrease was offset by a slight rise in both cash and charge-account sales. Compared with the year-ago volume, cash and charge account sales in April showed declines of 13 per cent and 8 per cent, respectively, while installment sales continued well above the 1949 level. —Federal Reserve Board.

# Business Conditions and Outlook

## General Business Conditions

VOLUME OF TRADE and business activity has continued to rise and is currently about 8 per cent higher than it was a year ago. Part of that difference is due to the fact that last year the trend was gradually downward. Further advances are expected during the coming months, and if present trends do continue a new postwar peak will be established before long. The increases are due largely to changes in the physical volume of goods, as the fluctuations in the general price level have been small.

While the general rate of activity has been quite stable, rather wide variations have taken place in different lines of business and between different parts of the country. One area of exceptionally good business is in the east, around New York. Expansion of production among a wide range of manufacturing plants, and increased financial activity in connection with the trading on the securities exchanges account for this improvement. Business in some parts of the New England states has also shown improvement greater than the national average. Trends have been somewhat less favorable farther south along the Atlantic coast, with the exception of the territory around Washington where volume shows greater increases over last year than in any other part of the country.

Business has been barely holding its own in many parts of the South, and conditions there are about average. Lowered farm income, due both to changes in farm prices and to unfavorable weather, has been a factor in holding back a higher rate of activity. Indications are that trends there will be somewhat less favorable than in other parts of the country, although volume is expected to hold close to last year's levels.

In the Southwest, business continues to be very good in spite of the poor start which the wheat crop has made so far. Reductions in crops have been largely offset by increases in livestock prices and marketings. Business is good also in the petroleum producing areas. Conditions are not quite so good, however, a little farther west where the rate of activity is below the national average.

Business volume is lagging behind the manufacturing and industrial activity in the region south of the Great Lakes. Factory output has increased considerably since the early part of the year, but that increase is not yet reflected in additional retail sales or in expenditures for other purposes. Most recent reports, however, indicate some improvement, and very likely the shadings on the LaSalle Map next month will be somewhat more favorable for that territory.

Activity is also lagging in the North Central states and farther west. Weather conditions have been the major factor in holding down the volume of trade and industry. Future trends will be determined largely by the prospects for crops and for farm prices.

Business is very good along the Pacific Coast, especially in the southern part. Improvement has been shown in both industry and in agriculture, and prospects are that this favorable trend will continue. Trends have become more favorable in the Pacific Northwest and the level of business activity there is steadily rising above the national average.

In Canada, changes in the rate of business activity have been very small for many months. The general level of trade and industrial volume is about 3 per cent higher than it was a year ago and very close to the postwar peak. Variations have been rather marked among different lines with some, such as the automobile industry, showing increases of 20 per cent.—*Business Bulletin*, LaSalle Extension University, Chicago, Ill.

## Consumer Credit

CONSUMER CREDIT at the end of April is estimated at 18,629 million dollars, an increase of 325 million or approximately 2 per cent from the amount outstanding on March 31. Approximately three-fourths of the increase during the month is attributable to further expansion in instalment indebtedness. On April 30 total consumer credit outstanding was about one-

fifth larger than on the corresponding date of 1949. Instalment credit outstanding rose 242 million dollars in April, about the same rate as in the preceding month, and at the month-end amounted to 11,321 million dollars. About half of the gain occurred in automobile sale credit originating at dealers. Other instalment sale credit expanded at a somewhat faster rate than in the preceding month. A gain of 63 million dollars was shown by instalment loan balances. Charge-account indebtedness showed a slight rise in April and continued near the year-ago level. On April 30 this type of credit amounted to 3,241 million dollars.—Federal Reserve Board.

## Retail Furniture Report

TOTAL FURNITURE store sales showed a small contra-seasonal decline in April but were 2 per cent above those in the corresponding month of 1949. Both cash and credit sales were down slightly during the month with the largest decrease, 6 per cent, occurring in the cash segment. Although instalment and charge-account sales were slightly below those in March, they continued in larger volume than a year earlier. Instalment accounts receivable at the end of April showed little change from those of a month earlier but were 29 per cent above the amount outstanding on April 30 last year. Collections on instalment accounts were 8 per cent below those in March and the ratio of these collections to accounts receivable on April 1 was 14 per cent, 2 points below the April 1949 ratio. Retail value of inventories rose 3 per cent in April but at the end of the month was about the same as on the corresponding date of 1949. The stock on hand on April 30 represented less than 5 months' supply at the current rate of sale.—Federal Reserve Board.

## Consumer Instalment Loans

CONSUMER INSTALMENT loan balances of the principal types of lending institutions rose about 2 per cent in April, or at approximately the same rate of expansion as occurred in the preceding month. The amount outstanding on April 30 is estimated at 3,884 million dollars, 19 per cent above the level of a year earlier. Loan volume during April, 596 million dollars, was about 8 per cent less than was reported in March, but roughly 10 per cent above the year-ago total.—Federal Reserve Board.

## Retail Instalment Credit at Furniture and Household Appliance Stores

INSTALMENT ACCOUNTS outstanding at furniture and household appliance stores increased slightly in April as has been customary in other recent years. At the end of the month accounts receivable of both kinds of retail outlet were substantially larger than on the corresponding date last year. Instalment accounts at both furniture and household appliance stores were collected at a somewhat slower rate in April than in the preceding month. Over the year-period the collection ratio had declined from 13 per cent to 10 per cent at furniture stores and from 14 per cent to 11 per cent at household appliance stores. This indicated a substantial lengthening in the average repayment period.—Federal Reserve Board.

*Reading this publication carefully and regularly will contribute to your success as a Credit Executive.*

# LOCAL ASSOCIATION *Activities*



## District Four at Miami

At the annual conference of District Four held in Miami, Florida, April 23-26, 1950, the following officers and directors were elected: President, Kaa F. Blue, Foundation Plan, New Orleans, La.; Vice President, Stella Murphy, Citizens Savings & Loan Corp., Chattanooga, Tenn.; and Secretary-Treasurer, Frank Culotta, Jr., Godchaux's, New Orleans, La. Directors: Leo E. Jones, Arkansas Fuel Oil Co., Shreveport, La.; W. V. Beddow, Porter Clothing Co., Birmingham, Ala.; Rita Robinson, Mid South Oil Co., Memphis, Tenn.; Percy R. Philp, Ferguson Furniture Co., Jackson, Miss.; J. L. Sanford, Bishop-Parker Furniture Co., Montgomery, Ala.; John Bowers, Loveman-Berger & Teitlebaum, Nashville, Tenn.; Thelma Toohey, O'Neill-McNamara Hardware Co.; and S. J. Nicely, Jr., Miller's, Knoxville, Tenn.

## District Two at Syracuse

At the annual conference of District Two held in Syracuse, New York, April 16-18, 1950, the following officers and directors were elected: President, William Colburn, Savard & Colburn, Albany, N. Y.; Vice President, A. Harry Glogoff, Goldberg Department Store, Trenton, N. J.; and Secretary-Treasurer, Mildred Hill, Honigsbaum's, Albany, N. Y. Directors: G. A. Brooks, McFarlin Clothing Co., Rochester, N. Y.; A. K. Carmel, Industrial Bank, Schenectady, N. Y.; Louis LaValle, Wilson's Leading Jewelers, Syracuse, N. Y.; Philip Gleason, Abercrombie & Fitch, New York, N. Y.; Elizabeth Olthof, Rosenbaum's, Elmira, N. Y.; Catherine Davey, Lewi Company, Schenectady, N. Y.; and Hugh M. Martin, The Addis Co., Syracuse, N. Y.

## District Eight at Fort Worth

At the annual conference of District Eight held in Fort Worth, Texas, May 21-23, 1950, the following officers and directors were elected: President, L. E. Blowers, Household Furniture Co., San Antonio, Texas; First Vice President, F. Wm. Johnson, Newman-Marcus, Dallas, Texas; Second Vice President, Carl Edward Bock, Calcasieu Lumber Co., Austin, Texas; Secretary-Treasurer, J. E. R. Chilton, Jr., Merchants Retail Credit Association, Dallas, Texas; and Assistant Secretary, Chellie Sue Bragg, Merchants Retail Credit Association, Dallas, Texas. Directors: Arthur Boaz, Guarantee Shoe Co., San Antonio, Texas; O. C. Faulkner, The Fashion, Houston, Texas; Alton Foster, The Borden Co., Corpus Christi, Texas; John McElroy, Leonard Bros. Co., Fort Worth, Texas; H. S. Strain, Allied Credit Co., Abilene, Texas; R. R. Thomas, Shamrock Oil & Gas Corp., Amarillo, Texas; T. B. Cason, Cason-Monk & Co., Nacogdoches, Texas; Rueben Talasek,

Security Finance Co., Temple, Texas; J. W. Waddle, G. A. Stowers Furniture Co., Houston, Texas; and Ethel Seaholm, Nelson Davis & Co., Austin, Texas.

## District Nine at Pueblo

At the annual conference of District Nine held in Pueblo, Colorado, May 7-9, 1950, the following officers and directors were elected: President, Eldon L. Taylor, Glen Bros. Music Co., Salt Lake City, Utah; Vice President, Robert Bowland, Allen W. Hinkel Co., Albuquerque, N. M.; and Secretary-Treasurer, Donald H. Puffer, Retail Credit Men's Association, Denver, Colo. National Director is Chris Jensen, Crews-Beggs Co., Pueblo, Colo., and Alternate National Director, Alton Partee, Joe Heaston Co., Albuquerque, N. M. Directors: Margaret Scouler, Hopper Furs, Denver, Colo.; John A. Ward, Reidling Music Co., Albuquerque, N. M.; William E. Glass Jr., Cottrell's, Denver, Colo.; Mrs. Clara Brown, Wells Music Co., Denver, Colo.; Arthur Ridd, Continental National Bank & Trust Co., Salt Lake City, Utah; Charles Runner, Colorado Laundry, Pueblo, Colo.; Everette Horne, T. C. Horne & Son, Carlsbad, N. M.; S. Mark McReynolds, Casper Commissary, Casper, Wyo.; and William DeMik, Fred M. Nye Co., Ogden, Utah.

## Kansas City, Missouri

At the annual meeting of the Retail Credit Association of Kansas City, Kansas City, Missouri, the following officers and directors were elected: President, Harry M. Barrentine, Skelly Oil Co.; First Vice President, Dorothy Foster, Duff & Repp Furniture Co.; Second Vice President, H. L. Lynch, Phillips Petroleum Co.; and Secretary-Treasurer, A. L. Dye, The Credit Bureau. Directors: James O. Dodson, Jr., Macy's; Cyril Jedlicka, City National Bank & Trust Co.; Harry M. Kammerer, Home Rug & Curtain Cleaning Co.; Orbert N. Reitz, North Mehornay Furniture Co.; Marie Schmidt, Kansas City Power & Light Co.; and John A. Winchester, Peck's.

## Memphis, Tennessee

The new 1950-1951 officers and directors of the Memphis Retail Credit Association, Memphis, Tennessee, are: President, L. R. McEwen, Bry's; First Vice President, J. L. Sacks, Goldsmith's; Second Vice President, Mrs. Laura Maddox, Julius Goodman & Sons; and Secretary-Treasurer, E. S. Eddins, Merchants Credit Association. Directors: Aubrey E. Croom, A. Graves & Steuwer; A. B. Hugo, Forrest Hill Dairy; William J. Armstrong, Union Planters National Bank & Trust Co.; George Rush, Three Sisters; and H. O. Stroup, John Gerber Co.



# In The NEWS



RECENTLY A merchant sent statements to all his past-due accounts for three times the correct amount. This brought many of the debtors on the run to straighten out their accounts. At that time the merchant secured partial payments from many debtors and promises as to when the balances were to be paid.

★ ★ ★

ACCORDING TO the Bureau of Labor Statistics, the average city dweller is paying now approximately \$1.95 for groceries that cost \$1.00 in 1935-39.

★ ★ ★

A SURVEY PLACES the daily attendance at motion pictures at 600,000 persons. During the same period about 16 million persons view television and 122 million listen to the radio.

★ ★ ★

AMERICAN PEOPLE paid out more Federal taxes last year than they put into personal savings. For every dollar paid in taxes they saved only sixty-five cents.

★ ★ ★

NEW AUTOMOBILES is the latest commodity to be sold on a twenty-five cent installment plan. A coin meter is placed in the car and after a down payment the customer can drive it out of the showroom and pay for it a quarter at a time.

★ ★ ★

A CONTRACT for the West Coast's biggest construction project since the war, the Statler Hotel and office building in downtown Los Angeles, Calif., has been awarded and actual work on the \$20,000,000 development will begin July 5. The 1,275 room Los Angeles Statler will be the largest hotel constructed in the last 2 years. The project is expected to be completed within two years.

★ ★ ★

AN INGENIOUS new device that spots counterfeit bills in a matter of seconds is now available to banks, businessmen and the public in the current war against the spread of false money. The gadget, which looks like a telephone dial, is called the "Spuriscopes." As little as two seconds is needed to verify some bills and not more than ten seconds for any bill.

★ ★ ★

SOME 1,800,000 World War II veterans has over a quarter of a billion dollars coming to them. By failing to send in their applications for National Service Life Insurance dividends, they are leaving \$241,906,400 on the books.

★ ★ ★

IN 1929 Federal expenditures were \$121.00 per family; in 1938 Federal expenditures were \$250.00 per family; and in 1948 Federal expenditures were \$984.00 per family.

★ ★ ★

PURCHASING POWER of an hour's work almost doubled from 1914 to 1948, according to a study on what an hour's work would buy in 1914 and 1948 just completed by the National Industrial Conference Board. This, the Board notes, is because the average factory worker's wages rose twice as much as prices. Although the 1914 wage-earner worked over 51 hours a week, some other member of the family had to earn additional income to supply the average amount of goods and services. The 1948 worker had to work only 34 hours to supply his family with the higher standard that was considered average in 1948, according to the study.

★ ★ ★

THE DEPARTMENT Store trade bore the brunt of the 1949 business readjustment. In presenting the 30th annual survey of the Harvard Bureau of Business Research to the Controllers' Congress of the National Retail Dry Goods Association, the authors revealed that final department store earnings after taxes dropped to a figure representing only slightly more than three cents on the consumer's dollar, the lowest figure since 1938.

COIN METERS are also being placed on instrument panels of used cars in some cities. After making a down payment, one must put a quarter in the slot before the ignition can be turned on. A warning buzzer sounds when another quarter is due. You have five miles in which to insert another coin, before the ignition switches off. Six quarters a day for two years will pay off a \$1,000.00 balance on the car.

★ ★ ★

A WASHINGTON, D. C., department store has launched round-the-clock service for telephone calls. The move was considered necessary to handle night orders stimulated by ads in evening papers.

★ ★ ★

SHOPLIFTING IS ON the increase, public officials are warning merchants. In Michigan, for example, larceny cases involving goods stolen from retail counters and racks, have increased about 60 per cent since 1945. Similar reports come in from department stores, supermarkets, and other retailers throughout the country.

★ ★ ★

THE OFFICES of Local 12, United Automobile Workers, Toledo, Ohio, has a window at its hall where members can pay water, gas, electricity, and telephone bills.

★ ★ ★

THE MINIMUM wage within 10 years will be \$1.00 an hour, instead of the present 75 cents according to recent estimates.

★ ★ ★

IN 1935 THE AVERAGE worker could buy more with \$25.00 or \$30.00 than he can get today with \$50.00, because in 1935 your money was worth 100 cents on the dollar while today your dollar is worth only 59 cents.

★ ★ ★

LOANS TO SMALL business men up to \$25,000, payable within 5 years, are to be guaranteed by government insurance, according to proposed legislation now in Congress. Loans are to be made by banks directly to the business men but insured by the government to help meet the credit and capital needs for operation and expansion.

MEMBER



National Retail  
Credit  
Association

## AN UNUSUAL STICKER

THIS MOST UNUSUAL STICKER has been designed for use by members.

They should be used on letter-heads of the credit department and on statements on which a previous month's balance has been brought forward.

THIS STICKER carries the prestige of the National Retail Credit Association and the slogan, "Guard Your Credit As a Sacred Trust," is an excellent educational message. Order a supply today.

SHOWN ABOVE actual size, they are printed in the National's colors, bronze blue on gold gummed paper.

Price, \$2.50 per thousand

NATIONAL RETAIL CREDIT ASSOCIATION  
Shell Building St. Louis 3, Mo.

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## Well Done, Cincinnati

THE THIRTY-SIXTH Annual International Consumer Credit Conference held at Cincinnati, Ohio, June 12-15, 1950, with more than 850 out-of-town delegates registered from all sections of the United States, Canada and four from Hawaii, was an outstanding success.

The conference was called to order by President Schatz at 9:15 on Tuesday morning. After committee appointments and other routine business there was a Credit Forum presided over by Past President David D. Bolen in a masterful fashion, and a panel composed of leaders in their respective lines of business. In the hour many interesting and constructive questions were discussed. Following the Forum there was an excellent address by H. W. Adkins, Executive Vice President, Yahr-Lange, Inc., Milwaukee, Wisconsin, a very forceful speaker with a highly worth-while message.

There was a Credit Forum again on Wednesday morning, which lasted for an hour and fifteen minutes, which was followed by a very fine address by Frederick W. Walter of Cleveland, chairman of our Educational Committee, on "Living With Ourselves." Mr. Walter's address was indicative of the talent within our own organization.

On Thursday morning there were numerous awards by Mrs. Pat Hughes, President, Credit Women's Breakfast Clubs of North America, Harold A. Wallace, Executive Vice President, Associated Credit Bureaus of America, and N.R.C.A. membership awards.

The panel discussion on "Improving Credit Investigation Methods" was presided over by Harry P. Earl, Salt Lake City, President of ACB of A, in his usual fine manner and was participated in by three bureau managers and three credit managers. Considerable interest was manifested by the delegates in the discussion of problems affecting credit bureau operations.

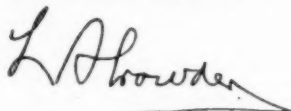
We are indebted to the General Motors Corporation for providing the guest speaker, Ralph L. Lee, for the Thursday morning session. The Hall of Mirrors was filled to capacity when he was introduced by President Schatz and his most interesting address was enthusiastically received.

The group meetings on Tuesday, Wednesday and Thursday afternoons from 2:00 to 5:00 were, as always, extremely practical and well attended. On Tuesday afternoon all groups met in the Hall of Mirrors for a discussion of "The Value of Insuring Accounts Receivable" which was led by Urban M. Lelli, Secretary of the Phoenix-Connecticut Group of Insurance Companies, Chicago. His paper, which was very enlightening, will appear in a subsequent issue of *THE CREDIT WORLD*.

The wives of delegates were royally entertained; the "Over the Rhine" party on Monday evening, the trip to Coney Island on Wednesday evening and the entertainment and banquet on Thursday evening gave the delegates an opportunity for relaxation.

The weather was delightfully cool and the delegates left the city singing the praises of Cincinnati. The fine work of Allison P. Koelling, Credit Bureau of Cincinnati, Carroll D. Whisler, Mabley & Carew Company, co-chairmen, and members of the conference committee was favorably commented upon.

Our next International Consumer Credit Conference will be held at the Stevens Hotel, Chicago, in June 1951. *We will be looking for you!*



General Manager-Treasurer

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# IMPROVE YOUR COLLECTIONS

*Consistent Use of These New Collection Aids Will Produce  
Highly Satisfactory Results and Retain Good Will*



- Has it occurred to you that your unpaid account, if entered against your record in the files of the credit bureau, may jeopardize your credit standing?
- The National Retail Credit Association, of which we are a member, is a mutual nonprofit organization with more than 25,000 members in the United States, Canada, Alaska, and Hawaii. In the files of its affiliated credit bureaus are maintained accurate, up-to-date records on millions of credit customers. These form the basis of credit reports used by many retailers and others to judge the character and trustworthiness of applicants for credit.
- The purpose of this reminder is to help you protect your credit standing in the community by making payment **NOW**.

Name \_\_\_\_\_ Address \_\_\_\_\_  
 Creditor \_\_\_\_\_ Address \_\_\_\_\_  
 Balance \$ \_\_\_\_\_ Past Due \$ \_\_\_\_\_ Date \_\_\_\_\_

Printed in bronze blue ink on buff colored bond paper.

## How to Build a Good Credit Record

- 1—Pay charge accounts in full within 10 days after receipt of bill.
- 2—Make contract payments on or before due date.
- 3—Guard your credit as a sacred trust.



Printed in dark green ink on light green gummed paper.

## Prompt Payment

of your account is solicited in the same courteous manner as your patronage. Both are appreciated.



Printed in bronze blue ink on light yellow gummed paper.

## Terms on Monthly Charge Accounts

ACCOUNTS are due and payable upon receipt of bill. They are past due if not paid within 30 days after bill is rendered.

Buy  
Wisely



Pay  
Promptly

Printed in bronze blue ink on light blue gummed paper.

**ONLY \$2.50 A THOUSAND**

*Assorted \$3.00 a Thousand*



# NATIONAL RETAIL CREDIT ASSOCIATION

SHELL BUILDING

ST. LOUIS 3, MO.

# Six New Educational Stickers

● MORE AND MORE cost-conscious Credit Sales and Collection Managers are finding these new stickers to be an effective and inexpensive collection medium. The emblem of the National Retail Credit Association adds an authoritative dignity. The wording is friendly and explanatory. Tested sentences are designed to present the reasons for prompt payment in a convincing manner. While particularly appropriate in the early stages of past due-ness, they can be used at any time. Easy to affix, they require no fill-in. Simply attach to the customer's statement. They are just as effective for the large store as the smaller. It is now necessary to have a closer and consistent follow-up as collection problems are increasing. Here is your answer. Take advantage of this National service and order a selection today. With your order ask for an illustrated folder showing our complete series of stickers and inserts.

## Maintain a Good Credit Record

For more than a quarter-century bankers and professional men of North America have contributed their actual ledger experience—good, bad and indifferent—to form a tremendous catalog of credit information. This information is a basis for the credit record of the customer.

Payment of regular accounts on receipt of bill and satisfaction accounts as agreed will build and maintain a good credit record.

## Credit Is Confidence

In the buying of an individual is only through his appearance.

Your willingness to pay promptly to the store on which he relies creates credit to you.

Charge accounts are due and payable on receipt of statement; installment loans are due on the dates specified.

Pay Your Obligations Promptly

## A SHOPPING CONVENIENCE

A credit is obtained as a shopping convenience. But it is more than a convenience. It has a definite value in the store. The most people depend on a monthly salary to finance. By using their credit, they are able to meet current expenditures out of current income.

Every charge account that is paid in full and promptly and that continues that it paid as agreed will build and maintain a "Prompt Pay" record.

## Keep Your Credit Record Good

Whether your needs may be, a convenient means of making your purchases is by using a charge account.

A good credit rating, obtained by meeting obligations promptly, enables you to take advantage.

Pay each account to full on receipt of bill and contract purchases as agreed.

## Good Credit

The majority of people use credit in various forms, but those who meet their obligations as agreed, continue to enjoy its advantages.

The credit you demand gets built on one thing—and that is the way you build, not the way you pay, but the way you pay your bills.

Pay all charge accounts promptly each month and installment accounts when due.

## KEEP YOUR PROMISE

Each month, please review your accounts to ascertain which accounts have promises and which to pay—and the matter of keeping promises has a most important bearing on your future credit standing.

Prompt payment of accounts builds a credit record of prompt value wherever and whenever credit is needed.

**ONLY \$2.50 A THOUSAND**

Assorted, \$3.00 a Thousand

**NATIONAL RETAIL CREDIT ASSOCIATION**  
SHELL BUILDING  
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